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#### INSIDE **MOSCOW**

Taking the rocky capitalist road

Page 16

### World News **PLO** calls crisis talks on Jordan's **W** Bank move

THE PALESTINE Liberation Organisation, thrown off balance by Jordan's decision to disengage from the West Bank, has called an emergency ses-sion of the Palestine National Council, its supreme policymaking body.

The Palestinian parliamentin-exile is expected to meet within a month, probably in Baghdad, to review the latest development. Page 3

Karabakh deal Communist Party chiefs from agreed to work together for the development of the disputed region of Nagorno-Kara-bakh. Page 2

Pact arms move The Warsaw Pact appeared to have made a concession over the status of nuclear weapons in proposed new talks on conventional arms in

China cash cuts The China Academy of Social Sciences says Government departments must cut spending and stop meddling in the

Europe. Page 2

banking system, if the coun-try's rapid growth rate is to be reined in. Page 2 Soviet risk money A bank opened in Leningrad to provide risk capital for Soviet inventors. It aims to cut throughthe bureaucratic obstacles which impede the development of inventions into

Seal AIDS threat

products, Page 2"

Humans could be the next victims of the AIDS-like illness which has wiped out many of Sweden's seals, according to a Swedish doctor who says industrial pollution could be to blame for the plague.

Cyprus optimism President George Vassilion of Cyprus said that omens were good for a negotiated settlement of the island's division.

Gandhi death plot Documents found in the Golden Temple at Amritsar revealed a Sikh plot to kill Prime Minister Rajiv Gandhi.

Kenya switch Kenya's parliament voted unanimously to give the President greater control over the

powers of arrest.

Contra aid split Congressional Democrats continued to wrestle over a new aid package for the Nicaraguan Contra rebels, an issue which divides their party and their newly-forged presidential

judiciary and to extend police

'Stay East' pies A conservative West German politician made a controversial appeal for East Germans to stay at home and "change con-

ditions" there rather than emigrate to the West. Page 2 Off poisons 400

Adulterated cooking oil paralysed more than 400 people and made thousands ill in Calcutta. So far 11 people have

Rio drug raid Gunmen led by a drug traf-ficker freed 10 prisoners in a dawn raid on a police station in a northern suburb of Rio de Janeiro.

### Business Summary

### Adsteam emerges as buyer of **Bell stake**

ADELAIDE STEAMSHIP. Australian holding company, emerged as the holder of 11.44 per cent of Perth-based Bell Resources, the asset-rich jewel of Mr Robert Holmes à Court's dwindling corporate empire. Adsteam, said it held 63.35m shares in Bell Resources con-firming widespread speculation that the company was building a stake in Bell, shares of which have been heavily traded of late Passe 17.

late. Page 17 STRETLEY, UK construction materials group, purchased five connected Spanish compa-nies for a total of Pta5 19hn (\$42m) to expand its Spanish aggregates interests, the first acquisitions it has made since it raised \$58m (\$129.2) through a rights issue in June to fund overseas expansion. Page 17

KIAT acquired a 14 per cent stake in Labinal, French sup-plier of components to the car and acrospace industries with which it has close links, it said the FFr400m (\$63.5m) purchase was defensive and that it had no hostile takeover intentions. Page 17

LIBERTY MUTUAL Insurance Company, among the largest property-casualty insurance companies in the US, is taking a 15 per cent stake in Touche Remnant Holdings, the UK fund-management group and Britain's largest investment trust house. Page 17

COFFEE: Prices went into free fall again vesterday in both London and New York. On the London Futures and Options Exchange three-month robusts

Coffee 2nd Position Futures (2 per tonne) over plans for an early cease-Mr Javier Perez de Cuellar signalled that he may 1000

coffee closed almost £100 a tonne down after touching a seven year low of £880 a tonne commared with the previous close of £1,020. Page 32

900

1988

Jan

HRIDGESTONE, Japanese tyre company buying Firestone Tire and Rubber of the US, signed a \$60m deal to purchase a 36 per cent stake in a tyre manufacturer in Turkey to use as a base for prompting Africa. a base for supplying Africa and the Middle East. Page 17

HAFSLUND NYCOMED, diversified Norwegian group with main interests in pharmaceuticals and energy, is seeking to increase the limit on the for-eign ownership of its voting shares to 38.3 per cent from 20 per cent. Page 19

VALMET, Finnish metal and engineering group, will become the country's first state-owned company to be partly priva-tised through an issue consist-ing of 6.5m shares to domestic investors. Page 19

WHARF HOLDINGS, Hong Kong hotel, transport and pro-pertygroup controlled by Sir Yue-Kong Pao, announced a 24.2 per cent increase in profits to HK\$1.268bn for the year ended March 31, Page 19

SIRMENS, West German electronics and electrical group, saw sales rise by 7 per cent to DM39.7bn (\$21.23bn) in the first nine months of the current business year ending September 30. Page 19

### Britain to create new market in Ecu denominated bills

By Simon Holberton and Stephen Fidler in London

yesterday announced plans to repay \$2.5hn of foreign debt and to create a new market in short-term Treasury bills denominated in European Currency Units, the hybrid currency created by the European Community in 1979.

The repayment of a \$2.5hn

The repayment of a \$2.5bn floating rate note, launched in September 1985, reflects the strength of Britain's foreign exchange reserves, which the Treasury said yesterday rose by an underlying \$910m in July to a record \$49.8hn.

The surprise move to Issue Ecn bills was presented by the Treasury and the Bank of England as a concrete and practical step towards closer monetary co-operation and relations with its partners in the European Community.
It follows recent criticism by Mrs Margaret Thatcher, the British Prime Minister, of airy-fairy" notions of European unity mooted by some Continental politicians and RC

officials. omicials.

Mr Nigel Lawson, the Chancellor of the Exchequer, said the decision to issue Ecu bills "widens the options for manag-ing the UK's reserves and will

UNITED NATIONS talks on

ending the Gulf war appeared

to be running into serious trou-ble last night as the UN Secretary-General and a senior

Iraqi representative clashed

fire without the agreement of Iraq, but Baghdad responded yesterday by vowing that it

would not accept any imposed peace moves before Iran agreed to direct talks on a comprehen-

sive settlement to the conflict.

Mr Riyad al-Qaysl, a member of the Iraqi delegation in New York, told reporters: "We will

not accept a fait accompli, no

matter from what quarter it comes. If anyone is harbouring

any illusions that Iraq will accept a fait accompli he should realise that he is com-

mitting a serious mistake and

doing grave damage to the

THE BRITISH Government establish London's position as yesterday announced plans to the centre of the Ecu market, which we wish to see develop further."

London, along with Paris and the Benelux countries, are the main centres for the growing Ecu financial market. The British move may encourage other European governments to follow suit. UK officials said the issu-

ance of Ecu debt would also

give the authorities another

tactical weapon in foreign exchange market intervention. Late last year, the Government was criticised by the West German monetary authorities for the Bank of England's purchases of D-Marks in foreign exchange market intervention. The Ecu is a basket of 10 Ruropean currencies, including sterling, weighted according to economic importance and the currency's use in short-term finance. Yesterday, the D-mark accounted for 34.5 per cent of its value, the French franc for 18.6 per cent and sterling for 13.5 per cent.

The Government plans to issue the first Ecu bills in autumn. The Ecu bills, issued at a discount with maturities of one, three and six months,

cause of peace."

A clearly rattled Mr Perez de
Cuellar hit back minutes later
by saying: "I don't know
whether he (Mr al-Qaysi)
understood what he was say-

ing," and lasuing a personal appeal to President Saddam Russeln to accept the current peace moves. "I know Presi-

dent Saddam Hussein and 1

trust very much his wisdom," he said. "I have noted that he

is very much interested in a peaceful solution."

led for several days over Iraq's demand for a direct meeting

with Iran prior to a ceasefire

In the three meetings he has held with Mr Perez de Cuellar

so far, Mr Tariq Aziz, the Iraqi

Foreign Minister, has refused to negotiate on a ceasefire and

face talks as an essential test

Iranian counterpart, has

Mr Ali Akbar Belayati, his

sists that he regards face to

The UN talks have been stal-

will be sold by monthly tender. Up to Ecu500m (\$555m) be offered at first with the total amount outstanding expected to expand to Eculbn-2bn. A decision on the further expan-sion of the programme will be taken in light of its success. Yields on the bills are expec-

ted to be well below rates available on bank deposits, the only significant alternative for short-term Ecu investors. The main buyers of the bills

are expected to be foreign central banks and investment institutions.

The lack of a large short-term bill market in Ecus is viewed as having hindered the development of a wider Ecu market, the existence of which could become more useful as a source of finance for companies. Ecu-denominated bonds currently account for only 4 per cent of outstanding international bonds, Ecu34bn.

The early redemption of the floating rate notes in October, will be paid for by an already-executed \$1bn purchase of dol-lars in the forward foreign exchange market and by drawing down \$1.5bn from the for-

agreed in principle to direct

talks, but only once a ceasefire

is in place. Iraq takes this as evidence for its suspicion that

Iran is merely trying to buy time through a temporary truce rather than seeking a

"They (the Iranians) have

not committed themselves to a

peace. Peace has to be made

between Iran and Iraq and not

between Iran and the United

Nations," said Mr al-Kaysi,

who denied that Iraq was set-ing preconditions but also implicitly accused the UN of

failing to adopt an even-handed approach.

Perez de Cuellar to turn up the

Editorial comment, Page 14

The apparent impasse led Mr

durable peace.

### Pretoria takes initiative in Angola talks

and Anthony Robinson in Johannesburg

SOUTH AFRICA yesterday Namibia and allow internationtook the initiative at the Geneva peace talks on southern Africa and offered independence for Namibia on June 1 next year, provided Cuba withdraws its 45,000 troops from Angola by the same date.

The other condition, set out in an unexpected announce-ment in Pretoria by Mr Pik Botha, South Africa's Foreign Minister, was that Angola agree to close camps inside its territory holding an estimated 9,000 guerrillas of the African National Congress.

Mr Botha also called for a ceasefire to begin a week today, and restrictions by Angola on activity by guerrillas of the South West Africa People's Organisation, fighting for the independence of Nami-

The offer, described by Mr Botha as a comprehensive peace proposal," was put yes-terday to the Angolan and Cuban delegations at talks chaired by Dr Chester Crocker, the US Assistant Secretary of State for Africa.

Although the move is the clearest and most categorical assertion of South Africa's willingness to end its control of

elections, it seems unlikely that Cuba and Angola will accept it. Both governments believe that a Cuban presence may be necessary for at least two years in view of the threat to security posed by Unita, the Angolan rebel movement. The Cubans would also be seen as

necessary counterweight to South African influence until the new Namibian government was firmly established. Pretoria's new offer came as Cuba and Angola were preparing a counter-proposal, short-

ening the four-year timetable for a phased Cuban withdrawal they set out earlier this year - probably by up to two years. A shorter period would leave the Luanda Government vulnerable to the Unita rebel movement, led by Dr Jonas

Mr Botha said UN Resolution 435, which envisages interna-tionally supervised elections in Namibia, monitored by a 7,500 -strong UN task force, would take take effect from Novem-

Commonwealth report on sanctions, Page 16

#### Hitch in Gulf peace talks **Bundesbank** raises after UN and Iraq clash repo rate to 4.25%

By David Goodhart in Bonn, Haig Simonian in Frankfurt and Raiph Atkins in London

WEST GERMANY's central bank, the Bundesbank, yesterday continued its step-by-step increase in West German interest rates by raising the rate for securities repurchase agreements (repos) to 4.25 per cent from 4.00 per cent.

The move, which followed last week's decision to increase ing rate to 5 per cent from 4.5 per cent, is part of a strategy aimed at maintaining the value of the D-Mark against the dollar and keeping domestic infla tion at bay.
The dollar continued to be

underpinned by confidence in the US economy and specula-tion that interest rates will remain firm because of infla-

pressure on Monday night by saying he could announce the tionary pressures.
In London the D-Mark strengthened fractionally ceasefire "independent of (war-ring) parties," after he received Continued on Page 16 against the dollar, ending at DM1.8755 against the previous close of DM1.8765. However, the Bundesbank interest rate

rise was in line with expecta-tions and had only a modest impact on trading.
Confidence was reinforced
by figures for US leading indi-

cators and factory orders released yesterday which suggested the economy is still growing quickly. In early New York trading the dollar showed a rise

against the D-Mark. By lunch-time it was trading at DM1.8730 against DM1.8690 at Monday' The rise in the repo rate

coincided with news that the West German Government had again revised upwards its GNP growth estimate for 1988 and taken a swipe at the prophets

of economic gloom.

Based on higher-than-expected industrial production figures for June, Mr Martin Bangemann, Economics Minister, predicted that GNP growth would be between 2.5 and 3 per Continued on Page 16



### Carlucci wins his wings in Moscow

By John Lloyd in Moscow THE US Defence Secretary and

his aides yesterday saw more Soviet military technology in a day then any American politicians or military officers have seen for nearly four decades. Mr Frank Carlucci sat in the cockpit of the Blackjack bomber (equivalent to the US B-1), watched Soviet troops from the crack Taman regi-ment "attack" each other with great ferocity, watched the new MiG-29 fighter manoeuvre. saw the huge M126 helicopter land and inspected the Taman's kitchens.

In a previous existence as deputy director of the Central Intelligence Agency, Mr Carlucci had spent millions of dol-lars and risked lives trying to get fuzzy pictures of this kind of stuff. Yesterday, he told a press conference in the US embassy, he sat in the Blackjack's cockpit to hear a Soviet

pilot answer his questions "promptly and fully."

As he was inspecting the Soviet hardware, a 44-year-old British tank rumbled through Leningrad. The tank, a Second World War victor, was a gift to commemorate Anglo-Soviet alliance during the war and a response to an earlier gift from the Soviet Union of a veteran IS2 tank. Mr Carlucci praised the

"remarkable candour and openness" which characterised his visits to the air force and army bases. He also spent four hours with his counterpart, Mr Dimitry Yazov. On Monday. Mr Carlucci expressed US doubts about the sincerity of Soviet claims to hold a purely defensive military posture. He said yesterday: "It is clear that they are still grappling with what is a defensive doctrine and how many resources should go into that

Mr Carlucci said "the fact that we are having talks does not mean all the problems have been solved. It behoves us Continued on Page 16

### Argentina announces austerity plan as interest fears grow

of Iran's sincerity

By Gary Mead in Buenos Aires and Stephen Fidier in London

By Andrew Gowers, Middle East Editor, in New York

ARGENTINA yesterday released details of its new austerity plan, involving sharp rises in charges for state services and cuts in spending, as doubts grew about the country's ability to meet interest payments on its \$56m foreign debt.

The measures are believed to be in response to pressure from the International Monetary Fund to cut public spending and bring inflation down from a level of over 20 per cent a

Argentina has fallen between \$850m and \$900m in arrears on interest payments to commercial banks, bankers said yesterday. Many payments to banks are already more than 90 days overdue. When this happens banks in the US are required to downgrade their Argentine loans and set aside extra provisions against them.

Mr William Rhodes, Citi-bank's chief negotiator, who heads the Argentine bank advi-sory committee, said the committee would meet next week. The International Monetary Fund has cancelled the two remaining tranches, totalling SDR330m (\$450m), of loans under an agreement signed last year, and this also means that a \$150m disbursement from commercial banks, linked to the IMF disbursements, will not now be made, contributing

to a severe short-term need for Even if governments led by the US-Secretary of State George Shultz is in Buenos Aires today -managed to put together a bridging loan to dig the country out of its short-term difficulties, there is the question of what financing the bridge would be built to. The country is seeking

business table

\$1.2bm in a new standby credit from the IMF, and a letter of place in two to three weeks. But such funds would not be available until well into the aninnn. Argentina has badly missed

the inflation targets under the previous IMF package, and the IMF executive board has been demanding strong early action before any new agreement can be made.
Under the new plan, consumers of public utilities face

immediate price increases of 30 per cent for electricity, gas, welfare deductions, telephones and fuel oils. The Government has declared that it will not raise public sector prices for a further two months.

To cushion the effect of the increases the Government has

also increased salaries for state employees by 25 per cent,

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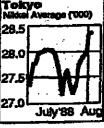
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### MARKETS



NTEREST RATES Fed Funds 7 (sume) S-min Treasury Bills: yield: 7.11 (7.1) Long Brid: 100 (1965) STEEL MAG New York Junchill \$ 1,7105 (1,7190) \$ 1,7100 (1,7135) DM 3.2075 (3.2150) FFr 10.8150 (10.8425) SFr 2.6700 (2.6750) Y 227.25 (227.50)

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STOCK INDICES

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New York Inchibne Dow Jones Ind. Av.

#### CONTENTS Why Bonn's secrets are not so secret as secrets elsewhere



World Trade .

Gerhard Boeden, head of the West German counter-intelligence service, is much more approachable than his title might suggest. The door to his office is always open Page 15

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cians' mettle -

Technology: The non-stop route towards a smart card for cars The EC and dumplings Stretching the Gatt to its limit . Editorial comments The ECU steps forward; Chilling words from the UN .. Long-term unemployed: How business can tap the wasted potential .... Lext ECUs; currencles; Touche Remnant; securitisation .

Germany: A divided land unites around the

Theliands Prem's departure tests the politi-

Raw Materials Stock Markets -Wall Street -London ..... Letters .... Lex ....... Managem Unit Trusts Money Markets Weather ..... World Index

**OVERSEAS NEWS** 

By Judy Dempsey in Vienna EAST-WEST differences about the mandate for proposed new talks on conventional arms in

Europe have narrowed significantly over the past week, with the Warsaw Pact making what appears to be a concession over the status of nuclear weapons in the talks. The revision in the Pact's stance should facilitate agree-

ment on a mandate for conventional stability talks (CST) when negotiators, who are expected to break up for a recess this week, reconvene in

The issue centres on what

chev's policies of

restructuring

would have far greater support

and meaning for millions of cit-

izens in the Soviet Union and Eastern Europe if the regula-tions on travel and passports were radically reformed.

This is a view shared not only by East European intellec-tuals but ordinary people,

many of whom are denied the

right to a passport and thus the freedom to travel and emi-

The right to travel, which

continues to be one of the most sensitive issues in Eastern

Europe, is at present under

review in several of these

countries. Last January, a

major overhaul of the passport

system was introduced in Hun-

gary which gives citizens the right to travel freely. But else-

where many petty, bureau-cratic and often repressive obstacles still stand in the way

before citizens can obtain a

Bulgaria, Czechoslovakia, East

Germany and Romania, people

wishing to apply for a passport must go through numerous

ratic channels.

In Bulgaria, citizens need

references from their place of

work. In Czechoslovakia they

also need references from the

local trade union or party

organisation. In Romania, peo

ple must first apply for the application form before they

can even formally apply for a

passport. If they want to emi-

grate, they are often dismissed from their jobs. Applicants also need invitations. These proce-dures, however, are only the beginning of a long road towards the border.

The questionnaire is the

By John Wyles in Rome

in Italy reached 11.9 per cent in

April, reflecting a growing

number of job-seekers in the south who more than offset a

terly survey by Istat, the national statistical agency, the national rate was the highest

the same month last year. Sea-

sonal factors, however, pulled

unemployment down from the

12.4 per cent registered in Jan-

THE UNEMPLOYMENT rate uary.

as prosperity gap widens

decline in the booming north of the country.

cent (9.3 per cent) were jobless in central Italy, against 20.2

of the country.

According to the latest quaring in central Italy, against 20.2 per cent (18.8 per cent) in the

for any post-war April and compared with 11.7 per cent in the same month local and the significantly higher rate in the south is a growing the same month local and the significantly higher rate in the south is a growing the same month local and the significantly higher rate in the south is a growing the same month local and the significantly higher rate in the south is a growing the same month local and the significantly higher rate in the south is a growing the same month.

In some countries, such as

grate wherever they choose.

kinds of weapons systems should be included in the CST. When, in July 1987, the North Atlantic Treaty Organi-sation (Nato) put forward its draft mandate, it stipulated that "nuclear weapons will not be and will not become subject to negotiation." The Warsaw. Pact, however, insisted that "dual-capable" systems (carry-ing either nuclear or conven-tional warheads) be included in

The Pact reportedly argued that Nato's proposed "nuclear exclusion" clause could be used by the West to exclude

questions ranging from the purpose of the visit, what places and people will be vis-ited, who will finance the trip

and details of the applicant's parents. Even after that, the

applicants cannot be guaran-

teed a passport. In these coun-

tries, although the Bulgarian

authorities are now slowly changing the law, officials are

not required to give any reason

if an application is turned

For those who are lucky

Until recently, Hungarians,

enough to obtain a passport, the road still remains blocked

who can keep their passports, could not travel abroad with-

out the exit visa, which

amounts to permission to leave

the country. Last January, the authorities in Budapest abol-

ished this requirement, but it

is the only country to have

done so. Elsewhere, citizens

need both an exit permit and a visa to re-enter their own coun-

explains why some intellectu-als, particularly in Czechoslo-vakia, are reluctant to travel to

the West. They may not be

allowed to return home. Dur-

ing the 1970s, the Czechoslovak

authorities had a habit of strip-

ping some of their critics of citizenship when they were

For those who do return, except in the case of Poland and Hungary, passports must

be handed in, normally within two weeks, to the local pass-

In the north 6.7 per cent of

the workforce was unem-ployed, compared with 7.6 per

cent last April. Some 10.1 per

The most important factor

The proportion of women in the workforce rose from 28.8

per cent to 29.8 per cent.

Italy unemployment rises | Party leaders agree to

This requirement partly

with further obstacles.

can apply for a passport.

certain types of basically conventional systems.

In an attempt to break the deadlock, Nato last month included new wording to the effect that such a clause would The Soviet Union's response represent a significant break-

East awaits passport perestroika

R Mikhail Gorba- next form to be filled out, with port office. Any future travel

Judy Dempsey in Vienna reports on the travel bureaucracy facing Warsaw Pact citizens

In Romania, people must first apply

for the application form before they

countries

The latest formula makes no explicit reference to the inclu-sion of dual-capable systems in

The Soviet side's current for-mula states: "No conventional armaments or equipment will

requires further application forms, further questionnaires and endless delays.

tip of the iceberg. Citizens for instance, are limited to the amount of time they can

tantly, in the case of Romania, Bulgaria, Czechoslvakia and

East Germany, the same pass-

port cannot be used for travel

to both socialist and Western

countries. The immortal words,

"travel to all countries" are

neatly negated by an official stamp which simply says: "for travel only in the socialist

socialist countries is not with-

out its problems. Slogans about

socialist fraternity quickly dis-

appear when it comes to cross-

East Germans, for instance, need visas for Hungary, Bul-garia and Romania, as well as

Yugoslavia and are not encour-

aged to travel to Poland. Poles

need invitations to cross the

border into Czechoslovakia and

the Soviet Union. Bulgarians

need invitations to visit the

Soviet Union, where, unless

they are on business, must

travel with official tour groups like the rest of their East Euro-

Officials are more than defensive when asked why

their citizens are prevented

from travelling freely. "It is a problem of hard currency" is

the usual reply. True, since the

East European currencies are non-convertible, travelling to

COMMUNIST Party chiefs from Armenia and Azerbaijan

agreed yesterday to work together for the development

of the disputed region of Nagorno-Karabakh, Reuter

reports from Moscow.

The official news agency,

Tass, said the agreement was

reached at an unprecedented

meeting in Stepanakert, capital of Nagorno-Karabakh, which

has been the subject of a bitter dispute between the two repub-lics, in which the mainly

Armenian inhabitants have

sought to break away from

pean counterparts.

ing each other's frontiers.

Even travel within the

These restrictions are but a

Both sides are now working on a compromise paper which could possibly envisage a "cor-ridor" in Turkey which would be excluded from the subject of the negotiations because they can use other charges in addi-tion to conventional ones. Nuclear charges are not included in these negotia-

signs, the two sides remain far apart on which parts of Turkey he CST would cover. Nato is proposing that cer-tain parts be excluded on grounds of their proximity to non-European countries, such as Syria, Iran and Iraq. The Pact wants all Turkey included.

the West is a financial burden

on the state coffers.

To get around this particular

problem, the Czechoslovak authorities recently increased

the possibility for travel to the

West by allowing their citizens to open hard currency

accounts. Czechs, however still

cannot be guaranteed the auto-

matic right to a passport and

an exit visa. What the authorities fear

most from liberalising the

passport system, however, is not the depletion of their hard

currency reserves, but that a "brain drain" would take place. This is what happened just

before the Berlin Wall was

In Romania, Mr Nicolae

Ceausescu, the Party leader, in

an effort to deter such would-be emigrants, imposed an "education tax" in 1982

which meant that those seek-ing emigration had to repay to the state, in hard currency, the

cost of their education, even though it is forbidden to hold such currency. Last March, Mr Ceausescu described those who left the homeland as "black

Yet the cases of Poland and

Hungary, in which its citizens

do return home, suggest that the more liberal the passport

system, the more liberal the political system. Those Poles

and Hungarians who remain

abroad, do so largely for eco-

behind, the restrictions and the

obstacles persist. The only

hope for the East Europeans is that a dose of restructuring will be fed to the ministries of the interior in Eastern Europe,

who, however, are the least reluctant and often the slowest

to respond to the winds of

change taking place in the

Tass said "the republican party organisations of Azerbai-

jan and Armenia will work in close co-operation, in the spirit

of perestroika (restructuring), in the basic interests of both

Mr Mikhail Gorbachev, the

The meeting yesterday was

the first of its type since unrest

bringing mass demonstrations and rioting flared in February,

and the first major step towards public reconciliation between the two

Soviet leader, has urged the two republics to set aside their

differences over the region.

But for those who remain

nomic reasons.

Soviet Union.

built in 1961.

be left out of any arms reduc-Apart from the "dual-capa-ble" issue and the question of Despite these encouraging

the geographical zone, the CST
- which would group 16 Nato
and seven Warsaw Pact countries - cannot begin before agreement is reached in related negotiations, also taking place in Vienna, between the 35 nations which take part in the Conference on Security and Co-operation in Europe (CSCE).

Belgium in

debt relief

agreement

THE BELGIAN Government

yesterday signed a debt relief agreement with leading domes-tic institutional investors, who

have agreed to take payment of BFr28bn (£411m) worth of

interest due on public debt

next year in new Treasury

The refinancing move was

clearly foreshadowed in the May agreement establishing the latest five-party ruling coalition led by Prime Minister Wilfried Martens, as part of a

BFr80bn reduction in spending

to bring the public sector bor-

rowing requirement back down

To reach this goal, Mr Hugo Schiltz, the new Budget Minis-ter, has since warned that the

Government may have to save up to BFr116bn in outlays.

But Finance Ministry offi-

cials said yesterday it was now up to other ministries to make the extra effort. They pointed out that they had succeeded in

refinancing more interest payments than the BFr20bn-

BFr25bn stipulated in the May

governmental agreement.

Belgium has the second

highest level (behind Ireland)

of public debt in the European Community, amounting to 133.5 per cent of GNP last year,

and the highest level of inter-

est payments on that debt amounting to 10.6 per cent of

GNP. Successive governments,

and the Organisation for Eco-nomic Co-operation and Devel-opment, have warned of the

"snowball effect" of interest payments, undermining the impact of public spending cuts.

effectively an extension of a 1986 accord, whereby Belgian

institutional investors agreed

to take payment of BFr108bn worth of interest owed between

1986 and 1990 in the form of

new Treasury bonds. In the early 1980s the Government

had to borrow at very high

rates, up to 14.25 per cent on one 1982 loan, and it is now taking advantage of lower mar-

ket rates. The new bond issue

will be for eight years.

Most Belgian public debt is held by institutions, such as

the private banks, insurance

companies and state-owned credit and savings banks

involved in yesterday's agree

ment. In return for the 1986

refinancing, they were promised that there would be no

extra taxes imposed on them specifically. In fact, the Gov-ernment is planning an increase in taxation of income

from abroad.

Yesterday's agreement is

to 10 per cent of GNP.

By David Buchan in

#### trails in **1992 plans** By Andrew Taylor. Construction Correspondent

Industrial Market Research which carried out the study

Touche Ross said only 15 per cent of UK construction com-panies had any plans for 1992, compared with around 50 per

man companies had only become aware in the past year of the single European marke while most French ones had been preparing for three years French companies were try ing to maximise the benefits of this lead by lobbying the French Government not to

guages and cultures". Line managers in France

plans for 1992; in Britain plan-ning responsibility had got no further than board directors. West Greman construction companies had introduced no French companies had also been quicker off the mark to forge co-operation agreements and joint ventures designed to

The construction boom in Britain had led to an increa in building material imports These had allowed Continental

The value of building materials imported from other EC countries into Britain was presently twice that of British' building materials exported to the Community.Copies free on request from: Touche Ross, Hill House, 1 Little New Street, Lon-

Yugoslav prices rise

# FRENCH contractors and

interviewed more than 30 Brit-ish. French and West German contractors building material suppliers and specifiers to find out what plans they had to take advantage of an EC con-struction market with com-bined sales of £260bn. It also spoke to Government bodies and trade associations in the three countries.

cent of French companies. The West German construction industry appeared to be even less prepared than that of the UK, said the study.

Most British and West German

allow any slippage in the date set for the introduction of the

It said UK construction companies fell down badly in their marketing departments which were "lacking in personnel with knowledge of local lan-

were being involved in making formalised planning for 1992.

help them win export orders British building standards and regulations, however, were generally higher than those in France.

companies to establish a base in the UK

don EC4A 3TR.

Yugoslav prices rose 11.2 per cent last month, against a 21.1 per cent June increase which came in the immediate aftermath of an IMF-sponsored price liberalisation, Aleksan-dar Lebl reports. However, it has become clear that there is no hope of meeting a target of bringing the annual rate down to 90 or 95 per cent in Decem-

# industry

building material companies are about two years ahead of British and West German companies in preparing to take advantage of the creation in 1992 of a single European Com-munity market, according to a report published by account tants Touche Ross published

single market.

### UK building Miti puzzle over support for alloy project

CONSORTIUM of Japa-nese companies is plan-ning a seven-year independent project to develop aluminium lithium alloys, metals which have considerable potential in aerospace applica-tions, apparently with the sup-port of the Ministry of Interna-tional Trade and Industry.

This is a very surprising move because aluminium lithium development is already highly advanced in the UK and elsewhere in Europe and North America. In the past, Japan has been willing and eager to take out licenses on new technologies rather than carry out redundant development.

Moreover, under a new Miti policy established earlier this year, Japanese companies are being encouraged to harmonise important industrial developments with those taking place elsewhere, so as to avoid the kind of international trade frictions that have emerged recently in the semiconductor and other high technology

But in this case, the Japanese seem determined to go it alone. One possible explana-tion is the strong desire in certain Government and industrial circles to build up a totally independent aerospace capability, not least for making military equipment. Two of the country's largest military contractors are participating in A Miti official denied that the ministry was involved in the project in any way. How-ever, an official of a leading Japanese aluminium compar said that although it had opposed the project, it had been pressured by Miti to par-

The alloying of lithium with aluminium results in metals that provide greater strength than ordinary aluminium alloys and less weight. Used in aircraft and rocket manufac-ture, they thus offer increased payloads. However, the production technology for aluminium lithium has been very difficult to develop because of lithium's highly volatile nature.

The acknowledged world leader in this field is British Alcan Aluminium, which began development in co-operation with the Royal Aerospace Establishment at Farnborough 10 years ago. British Alcan world aerospace companies,

including thos utput has been stepped up frequently, and last year, the company sold £4m worth of the alloys. British Alcan has decided to license the technology to competitors because, in some cases, customers are insisting on more than one source of

supply.
The Japan Research and Development Centre for Metals (RDM), a privately funded body which is leading the Japanese plan, said it was aware of the British Alcan development, but was under the impression that the British company had so far only delivered "sample" ship-

in RDM's view, aluminium lithium technology has not yet been perfected. It said there were problems with adhesive- from that produced in Europe.

lan Rodger reports from Tokyo on an apparent departure from Japanese technology policy in the field of aluminium lithium alloys for use. notably, in the aerospace industry

gi Ban

ness and with rolling the alloys. Thus, there was still room for basic study.

n RDM official said that since the industrial revolution Japa-

nese companies had been interested in developing stronger and lighter metals, so this was a natural avenue of research for them. It hoped to complete its study of what type of aluminium lithium to focus on within the next few weeks.

Among the companies sup-porting the RDM effort are several Japanese non-ferrous metals companies, including Nippon Light Metal, which is 50 per cent owned by Canada's Alcan Aluminium. (British Alcan is wholly owned by the Canadian company.) Other backers include Mitsubishi Heavy Industries, Japan's largest military contractor and Ishikawajima-Harima Heavy Industries, another large military and aerospace group.

The RDM official said he was aware that aluminium lithium could be used in all types of aircraft. He also acknowledged that Miti was encouraging companies and industries to take account of industrial developments abroad before launching new ventures, but he thought there was still room for Japanese groups to make developments on their

According to a Japanese newspaper report last week, Miti would lead the aluminium lithinm project, which would be aimed at producing metal for the next generation of supersonic aeroplanes and

One Miti official said that the report's focus on spacecraft was wrong. In fact, he said, the development was aimed at providing material for the next generation of commercial air-craft, such as the YXX, which is being developed by Boeing started up a pre-production in co-operation with Japanese amelter at Birmingham in 1985, and other companies. He then and has supplied evaluation referred more detailed queries materials to all the leading, to another official who denied that Miti was involved in the

project in any way. However, at least one leading Japanese aluminium com-pany is taking part in the proj-ect reluctantly, and only as a result of Miti pressure. A company spokesman, who requested anonymity, said Jap-anese knowhow in the aluminium lithium area lagged far behind that of Western companies, and it was wasteful to work independently on devel-

lic expe

oping it. A British Alcan official said that even if the Japanese project was successful, it would meet with difficulties in get-ting alloy patents. The RDM official said he was aware of 'delicate and subtle" patent problems, but the Japanese companies would try to develop something different

### Divided Germany unites around the business table

co-operate on Karabakh

Leslie Colitt reports that cross-border contacts between the captains of industry are a serious affair

YMBOLICALLY, a towering West German crane bearing the name of its manufacturer in the Ruhr has dominated the biannual East-West trade fair in Leipzig, East Germany in recent years. Inside the conference cubi-

cles at the Technical Fairgrounds, directors of West Germany's most illustrious companies confer with their counterparts who head East Germany's giant industrial Political relations between

the two Germanys are a com-plex and highly sensitive matter, in which Bonn seeks to use its leverage as by far the stronger economic power in order to obtain the maximum human Communists.

But in Leipzig, politics rarely interfere with the business at

The captains of industry from East and West Germany have known each other for years, some for decades. One elderly West German businessman returning by train from the Leipzig fair confided that "my former schoolmates work for the ministries in East Berlin which I do business with."
But at the negotiating table, East and West German company directors rarely drop their reserve. Business is a serious matter and to even jest is to risk being considered unserioes (not respectable). What the two sides have in

common is full confidence in each other's reliability. They know their partner in Düsseldorf or Dresden will deliver the goods promised, as specified

The agency in West Berlin which oversees and monitors East-West German trade is the innocuously-named Trust Office for Industry and Trade (TSI) of the West German Economics Ministry. Its task is to ensure that West Germany's share of trade with East Ger-many does not drop below 10 per cent of total East German

East Germany rarely has sufficient competitive goods to sell to West Germany so the

A CONSERVATIVE West

German politician has made a

controversial appeal for East Germans to stay at home and "change conditions" there

rather than seek to emigrate to the West, writes Leslie Col-itt. Mr Heinich Lummer's plea followed a West German state-ment that migrants from East Germany were expected to double part year.

double next year. Mr Lummer has been criti-

cized both by fellow-members of the ruling Christian Demo-

cratic party, and by opposition Social Democrats. However,

his remarks were line with

some recent pronouncements

be found to boost trade. One of the most remarkable is an arrangement under which West Germany sells East Germany hundreds of mil-lions of D-Marks worth of crude oil each year and buys back refined oil products worth more than three times the

Invariably East Germany will choose to buy a West Ger-man machine over one made elsewhere because of what is seen as superior technology, punctual delivery, reliable ser-vice and the flexibility of the manufacturer who will frequently accept East German goods in payment. This explains why West Ger-

last year boosten deliveries to
East Germany by 29 per cent to
DM1.8th although trade with
East Germany makes up less
than 2 per cent of total West
German trade.
Throughout Eastern Europe,
West Germany.
West Germany

West Germany

West Germany

West Germany

In DM31bn and importing

DM27bn last year. Having
taken over from Britain in the
late 1950s, West Germany

the West German economic connection eclipses other links with the West in importance. Bankers and industrialists in West Germany are given a wel-come seldom accorded to West German politicians.
The leaderships of the Soviet

Union and Eastern Europe are seeking Western solutions to their pressing economic prob-lems and no other Western country, they believe, is as capable of providing them as West Germany.

which are used in the products they sell to the rest of the world. Without being able to sell bulk chemicals, Eastern Europe would be unable to buy considerable amounts of fine

Prague explained that Czecho-slovakia would like to divert some of its business to other Western companies but that, unlike German companies, they could not absorb Czecho slovak products into their pro-

stovak products into their pro-duction cycle.

Items like oil, chemicals, wood products, foods and semi-manufactures account for over a third of East German and nearly half of Czechoslo-vak exports to West Germany. No other Western country pro-vides anything like this enormous market for the East's low

maintained its leading position in the East through the depths of the Cold War and the vaga-ries of Bonn's political rela-tions with Moscow.

The secret of West Ger-many's preponderance of trade with the East is that no other Western country is able to pur

chase and use so much of Eastern Europe's main exports -fuels, raw materials and semi-Thus the big three West German chemical companies buy large quantities of bulk chemicals from East Germany, Czechoslovakia and Hungary

added value products.

### Tax reform likely to add 0.2% to Japan's GNP

By lan Rodger in Tokyo

THE PROPOSED overhaul of demand would boosts imports Japan's tax system would add by an estimated 0.2 per cent, Japan's tax system would add 0.2 per cent to the country's annual gross domestic product, according to a study by the Government's Economic Planning Agency. However, private sector economists remain cautious about forecasting the impact of the radical tax reform, not least because of uncertainties about the degree of everien that may take place. of evasion that may take place.

"The rate of cheating will not change," Mr Hidehiro Iwaki of NRI & NCC, the research arm of Nomura Securities, predicted yesterday.

Under the tax reform plan, which is now being debated in the Japanese Diet (parliament), personal and corporate income

personal and corporate income taxes are to be substantially reduced but a 3 per cent con-sumption tax and a capital gains tax system will be intro-duced. The Government has forecast that the tax reductions will cause a Y5,600bn (£24.7bn) win cause a ro, own (£22.70m) loss of revenue in a typical year, while the new taxes will add Y3.200bn.

The EPA used its macroeco-

nonic model to analyse the effect of these changes, and concluded that in the fiscal year 1991-92, by which time substantially all the reforms would be implemented the net would be implemented, the net impact on real gnp would be 0.2 per cent. Private final consumption

expenditure and private residential investment would each rise 0.2 per cent and private plant and equipment investment ment would go up 0.3 per cent. The increase in domestic

0.1 per cent, because of an expected fall in export prices.
The EPA also estimates that the introduction of the con-sumption tax would add 1.1 per cent to the consumer price index, assuming that the full burden is passed on to consum-ers. In fiscal year 1989-90, when the consumption tax is introduced, the effect will be slightly larger, 1.2 per cent, because existing commodity taxes on some items, such as cars, will not have been fully phased out. Private sector economists expressed reserva-tions about this analysis because of uncertainties over evasion of the consumption

but exports would also rise, by

FINANCIAL TIMES

and capital gains taxes.

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largely destined for West Bermost imaginative devices must

Azerbaijani rule.

All this takes place despite enormous unused refining capacity in West Germany, it provides East Germany with badly needed Units of Account (equal to D-Marks) in the clearing system used in inner-Ger-man trade and is regarded as politically desirable by Bonn because the oil products are

from the East German Protes-

tant Church, calling on people to work for change from the inside.

According to the West Ger-

man permanent mission in East Berlin, East Germany has

issued exit papers to nearly 10,000 citizens in the first few

months of the year, almost as many as in all of 1987. A record 40,000 were allowed to go in 1984 but the number

dropped sharply subsequently. The number of applications

has soared recently, suggest-ing widespread discontent, in the view of West German offi-cials. One said the number of

man engineering companies last year boosted deliveries to East Germany by 29 per cent to DM1.8hn although trade with

200,000 to 1m. "Probably even the authorities here do not know the real number." Each East German seeking to leave represents an average of two other accompanying family members. Only a third of the applications currently being approved are from East Germans seeking to join relatives already in the West. The others want to leave for a combination of economic and political motives which include the frequently cited complaint of restricted freedom of move-

outstanding applications might be anywhere from

to be seen how long East Germany would continue allowing many wound continue anowing
the increased number of
migrants. Officials there
suggested that the authorities
might be granting more permits to impress the European
security conference in Vienna.
The largest number of applications to emigrate come from East Germans who live in cities near the Eastern border which are out of range of West German television. In most parts of the country, West Ger-man channels are widely

chemicals from West Germany. The West German mission in East Berlin said it remained One foreign trade official in

PALESTINIAN 'PARLIAMENT' TO MEET

talkson Jordan's

West Bank move

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The King's speech, which was televised to the nation, left many unanswered questions about continued dealings with the West Bank, over which Jordan has claimed sovereignty

Baghdad, to review the latest development.

The hasty convening of a PNC session almost certainly

reflects disquiet over the impli-cations of King Hussein's dra-

metic announcement on Sun-

day that he was handing responsibility for the West

Since 1950. \_\_\_\_\_ One of these relates to the payment of salaries and pen-sions to 24,000 West Bankers, many of whom have been on the Jordanian payroll since before the 1967 war.

These employees may be suspended as part of Jordan's disengagement from the territories. It is unclear who, if anyone, will continue to pay them. Their salaries amount to \$30m a year.

Local observers point out that the PLO does not have an infrastructure which would allow it to transfer funds to the

territories on a regular basis. Arabs demonstrated and There is also the question of staged a strike in support of passports. Some 850,000 residents of the West Bank and taken to southern Lebanon by

By Tony Walker in Amman THE PALESTINE Liberation to Jordanian passports.

Organisation, thrown off bal A question mark now hangs over whether Jordan will condisengage from the West Bank, has called an emergency ses-sion of the Palestine National tinue to issue passports to West Bank Palestinians. Officials have indicated this may

now become a PLO responsibility.

Problems may also arise over movement back and forth between the West Bank and

Jordan, affecting trade.

Jordan, affecting trade.

Government spokesmen are refusing to be drawn on measures required to complete the disengagement between Jordan and the West Bank.

Their studied vagueness appears part of a deliberate policy while the Government awaits reaction to the King's amouncement, both from West amouncement, both from West Bank Palestinians and from the PLO itself. Palestinian observers and Western officials believe that

King Hussein, by forcing questions to be raised about such practical issues as passports and salaries, is seeking to highlight Jordan's and his own continuing importance to the people of the occupied territories. Jordan appears to be hoping that both the PLO and West Bank Palestinians will urge that it continue to play an administrative role. King Hus-sein has made no secret of the

fact that he believes Jordan's efforts to assist the Palestin-ians have not been appreci-The King has indicated displeasure at criticism of his motives for wanting to main-Bank, which was ruled by his family until it was seized by

Israel in the 1967 war. The Palestinian uprising in the occupied territories had strengthened PLO demands for recognition of rights to independent statehood in the West Bank and Gaza Strip. This pushed into the background the idea of a confederation between Jordan and a Palestin-ian homeland, which had long been the King's preferred

option.

Troops shot dead a teenager and wounded four other demonstrators in the West Bank yesterday amid protests over the expulsion of Palestinians accused of inciting violence.

Arabs demonstrated and staged a strike in support of

### **Indian MPs** urge inquiry on Sumitomo 'payments'

By K.K. Sharma . in New Delhi

AT LEAST one MP from India's ruling Congress I party yesterday joined opposition calls for a government inquiry into alleged commission payments by Sumitomo of Japan to an Indian businessman in connection with two contracts with the state-owned Oil and Natural Gas Commission.

The allegation was made last week by The Statesman newspaper of New Delhi which claimed that the businessman was associated with Captain Satish Sharma, a close friend of the Indian Prime Minister, Mr Rajiv Gandhi.

In a statement to both houses of parliament yester-day, Mr B.K. Gadhvi, Minister of State of Finance, said the Statesman report was "inaccurate" in many respects. But he did not deny that Sumitomo had made the alleged pay-

ments. Mr Gadhvi said Mr Lalit Suri, the businessman, was a "consultant" and had submitted income tax returns in which payments by Sumitomo Opposition members in the Rajya Sabha, the upper house

unhappy with the government explanation and the issue is bound to be raised again. The Statesman report follows charges of pay-offs to peo-ple close to Mr Gandhi by

Bofors of Sweden

Peter Ungphakorn on the men likely to assume power after the Thai PM goes ENERAL Prem Tinsu-lanonda governed tember. He has said nothing so Thailand for eight far about the possibility.

years with caution and predictability. There were a few minor starkly with the routine and surprises, but none as startling as the one he reserved for last week when, out of the blue, he told politicians negotiating a new coalition that he would no longer be prime minister. His decision has transformed

Thai politics. It imposes the severest test on civilian politicians in 12 years and could affect Thailand's much-publicised progress towards becoming a newly-industrialising country. Without Gen Prem, the new

coalition is also likely to be without any direct representative of the army, a rare situation that in the past has usu-ally ended in a coup. The army will continue to watch developments closely and has allies in several of the parties. But it, too, is split and

much depends on the annual

military appointments due next month. The last successful coup was in 1977 and all attempts since have failed. In the past Gen Prem made sure his supporters controlled the key military positions. Now, the field is thrown wide open, with uncertainty about the future of Gen Chavalit Yongchaiyudh, the army com-

When appointed in May 1986 he promised to remain in office for only two years and indeed he handed in his resignation in May, but Gen Prem turned down the resignation. At the time, observers thought Gen

The uncertainty contrasts ritualistic political events of the past few months before Gen Prem made his surprise announcement.

The campaign for the July 24 general election opened after parliament was dissolved on April 29 with the routine spate of coup rumours and a procession of senior military officers who visited Gen Prem, apparently to express support. Students, academics and a handful of political leaders

called for the Prime Minister to be an elected member of parlia-ment. The calls carried little weight and there was no response from Gen Prem, who was still army commander in 1980 when he took over the Government under a militaryinspired constitutional provision that allows a non-elected prime minister.

There were some bitter local rivalries and millions of baht were spent on buying votes, but polling sprang no surprises and everyone assumed Gen Prem would head yet another coalition - if he had made his announcement before July 24, the election would have been

On the assumption that Gen Prem would continue, Maj Gen Chatichai Choonhavan, leader of Chat Thai (Thai Nation), the largest party, announced the following day he was not ready to be prime minister. Two days later, Gen Prem forced readi-



Prem's departure tests politicians' mettle

Chatichai: a more

pro-business role he real reason for Gen Prem's decision to stand down is not clear. He said he wanted Thailand's democracy to progress further and a number of critics promptly congratulated him - the latest was Gen Arthit Kamlang-ek, voted into the Lower House in this election, whom Gen Prem had sacked as army commander in 1986.

But Gen Prem always preferred the kudos of premiership to the battles over policies and vested interests. He presided over a dramatic recovery from mild recession in 1984-85, but his strength had been in hiring and firing – sometimes controversially – and as a compromiser between factions that did not threaten him per-

By election day, he had already achieved his ambition

royal ceremonies: the King's 60th birthday on December 5 last year and the July 2 celebrations this year when King Bhumibol Adulyadej became Thailand's longest reigning monarch. Another term appeared to promise nothing

Gen Prem has shown a sensitivity to criticism. It was apparently the reason for dissolving parliament rather than face a no-confidence debate he ought to have won.

But he has not ruled out the possibility of returning as a compromise prime minister if the parties fail to stay

together.
Gen Chatichai, if confirmed s the new prime minister, is likely to play a more assertive, pro-business role than his prelecessor in formulating policy. But much depends on the behaviour of ministers from the five parties that are expected to form the coalition. A former diplomat and for-

eign and industry minister, he will inherit an economy undergoing rapid industrialisation and export-led growth, still suffering corruption in some kev areas. The fear is that corruption in the Cabinet itself could get out of hand, although the new responsibility suddenly dropped on their shoulders by Gen Prem's departure could restrain politicians' greed. Gen Chatichai's Chat Thai Party, although the largest, only has 87 seats, less than a

quarter of the Lower House. He and his party colleagues are closely associated with the

to preside over two important Eastern Seaboard Development Programme, which includes a new deep sea port, industrial estates, an export processing zone and a petrochemicals

complex. r Banharn Silapa-Ar-cha, Chat Thai's sec-retary general and a r Banharn Silapa-Arleading party financer, spent two controversial years as communications minister with a series of scandals over bus purchase and highway construction contracts, the pur-chase of MD-11 aircraft for Thai Airways International and a cranage monopoly at the port of Bangkok awarded to a leading Chat Thai politician.

The new communications minister could be Mr Montree Pongpanit of the 54-seat Social Action Party, who spent two equally controversial years as commerce minister with responsibilities that include control of export quotas. Transport and communications are likely to be a key economic issue because of the invest-ment in infrastructure needed to accommodate Thailand's.

Political leaders negotiating the share-out of cabinet posts say the talks are cordial. That could mean that the new responsibility has encouraged them to avoid clashes over who should get the key positions and might signal a new determination to avoid serious

If they fail, the army could move. Pessimists predict a Chatichai-led coalition might not last more than three

### Peking urged to cut public expenditure

A REPORT from the China Academy of Social Sciences must reduce spending and stop meddling in the banking system, if the country's rapid

China's economy has entered a breakneck phase of growth and consumers are being urged to tighten their belts to keep the lid on inflation. According to the academy,

the Finance Ministry, which is singled out for criticism has been fuelling 19 per cent inflation by printing money to sat-isfy its desire for luxury cars and other imported goods. This and a money supply growth rate of more than 30 per cent

In their report, the economists suggest the National Peoples' Congress be responsible for a new currency, and the ability of banks to issue overdrafts to cover deficits. "The

department, China will be stuck with a deficit for at least three to five years as its econ-omy expands. The department said the Government had decided to reduce the deficit by issuing grants to special banks. An alternative, he said, would be to borrow additional foreign capital to add to China's for

ary, and the economists have warned against using foreign debt to solve the problem of deficits. The dilemma is one which Chinese leaders me

are now trying to resolve.
Without incurring a consumer backlash by letting prices go too high, they must somehow dampen demand in a bouning economy where fami-lies now spend too much on non-staple food items and the so-called "four new essentials" TV sets, refrigerators, wash ing machines and tape record-

In recent years, ownership of these goods, despite their expense (each costs about one year's average wage), has spi-ralled, creating distortions in the economy. According to academy economists, China, to avoid a skewed economy, needs more labour-intensive industries to absorb surplus rural manpower, not capital in-tensive ones producing electrical appliances.

growth rate is to be reined in and inflation held back.

at the seaside resort of Beidahe

so far this year. The Academy called on the Government to guarantee the independence of China's key banks, so that the Finance Ministry could no longer just demand an overdraft to cover

country must reduce the pur-chasing power of enterprises and ministries to avoid deficits," the academy said.

But, according to the Finance Ministry's research

### Manila and Washington narrow rift over bases

PHILIPPINE and American negotiators indicated yesterday that they were working towards a compromise on the divisive issue of how much Washington should pay for the two US military bases in this country, Reuter reports from

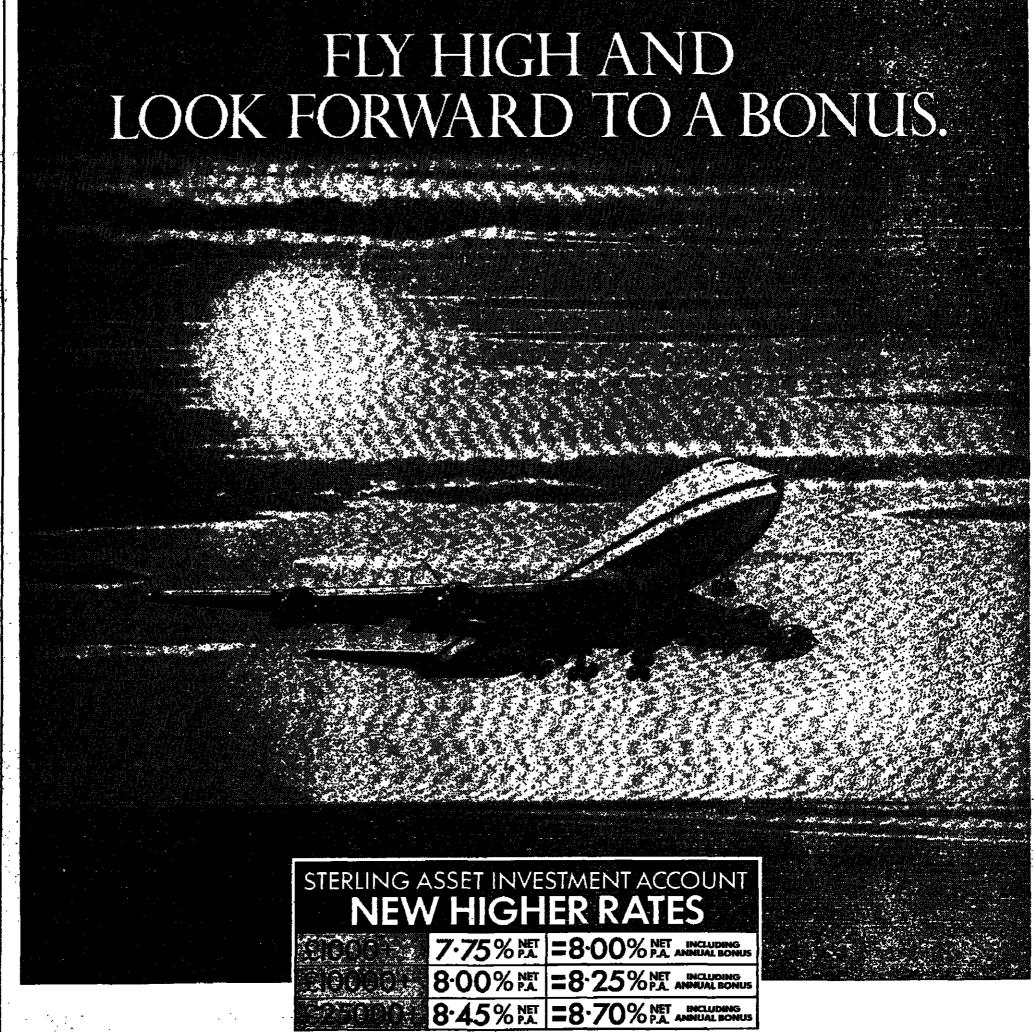
One week after talks on the future of Clark Air Force and Subic Bay Naval Bases broke down because of disagreements over compensation, the two sides held more than two hours of talks in a bid to end the

The discussion of the compensation issue encompassed a variety of economic options and the exchange of views will continue," a joint statement said. It said that the two sides would meet again today.

Ms Mary Carlin Yates, for the US team, described the talks as "businesalike and cor-

Foreign Secretary Raul Manglapus, Manila's chief negotiator, said before the talks resumed there were "some very interesting indica-tions" that Washington had

relexed its position. The talks broke down a week ago after Manila, demanding a \$1.2bn annual cash package, spurped the American count-



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### Protectionist farm policies are restricting growth and trade

Recent improvements in prices have done nothing to reduce the urgent need for reform, William Dullforce reports

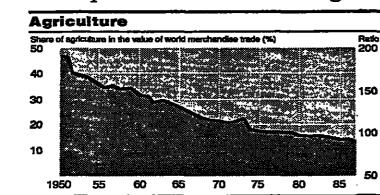
R ecent improvements in the prices of many farm products have done nothing to reduce the urgent need for the reform of governments' policies on farming and agricultural trade.

Subsidies on exports of farm produce and the current protectionist policies of many industrialised countries, designed to protect farmers' incomes, are contributing sig nificantly to the poor performance of agricultural trade.
These are two of the princi-

pal conclusions drawn by Gatt's economists in the section of the annual report which charts the almost uninterrupted decline in agriculture's share of world trade. The study is apposite at a

time when negotiations on the reform of world farm trade in Gatt's Uruguay Round are in danger of becoming dead-

Agriculture's share of world merchandise trade has plum-meted from 46 per cent in 1950 to 13 per cent last year. The decline has been accompanied by increasing friction between



slightly below its 1980 level. Farm trade has not declined absolutely; it has climbed from These two features are not independent. If agriculture had been a dynamic sector of world trade, countries' farm policies \$28bn in 1950 to \$325bn last would have been of less con-cern to their neighbours, Gatt year. But it has grown more slowly than the rest of world merchandise trade. The report assesses perfor-

This laggardliness reflects mance in terms of the ratio of the greater scope for product innovation and differentiation 'exports to production. The rise in the share of agricultural in manufacturing but also a downward trend in world marproduction which is traded internationally has been much less pronounced than that for ket prices for farm produce relative to the prices of other manufactures (see table).

Despite a notable increase in

On average between 1950 and 1987 the dollar value of world

exports of farm products increased by 7 per cent a year compared with 10.5 per cent a year for total merchandise. Gatt economists attribute the recovery in the prices of many farm commodities since the begining of 1987 to several

factors, including the deprecia-

1958 70 72 74 78

tion of the dollar. Others are the strong economic growth in East Asian countries and China, which are among the largest importers; the substantial increase in Soviet food imports; and the easing of the foreign exchange

situation in several oil-exporting counties which are large net importers of farm products. Lower output was another element. Depressed 'prices before 1987 had discouraged production, for instance, of wheat in Australia and Canada and of palm off in Malaysia. Cuts in support prices and supply controls in the US, the

78 80 82 84 86 88

European Community and Japan also helped to reduce

World stocks of several com-

crops of wheat, maize and soyabeans. Together with a general rekindling of inflation-ary expectations, these developments are reinforcing the upward pressures on prices.

However, the Gatt economists point out, the pick-up in prices and export volumes for farm products in 1987 was not enough to prevent a further decline in agriculture's share of world trade. More fundamentally, they

argue, in important markets such as those for cereals, dairy

ernment subsidies, import restrictions and market sharing arrangements continue to exercise a major influence on

In their analysis of the impact of farm policies, the Gatt economists point out that the raising of trade barriers and the introduction of production and export subsidies have turned previous net importers of farm goods into net export-

the EC and China in a variety

Between the late 1960s and the early 1980s the industrial nations switched from being large net-importing bloc to a net-exporting region of farm produce. The developed coun-tries' share of world exports has fluctuated around 65 per

cent since 1960. Conversely, the inadequate response of farmers to growing demand for food in Africa and the Soviet Union has transformed these countries from net exporters to net importers of several products.
Current farm policies have

led to lower and more volatile world market prices for many farm products with a correspondingly negative impact on incentives to farmers in many developing countries

This development may not have led to absolute declines in output but there is little doubt in Gatt's view that it has curtailed increases in production Gatt economists conclude that, quite aside from their direct impact on farm trade, current policies are exercising a negative influence on worldwide economic growth and restraining the growth in all

### Manufactures lead trade volume increase

MANUFACTURED goods last year resumed their transmission role as the most dynamic eleear resumed their traditional trade. An estimated 5.5 per cent expansion in volume represented a substantial acceleration from the 4 per cent increase recorded in 1986.

The pick-up in manufactures was the driving force behind the 5 per cent increase last year which capped five consecutive years of growth and brought the volume of world trade to a record level, one quarter above that reached in

The annual report from the

day, records a 16.5 per cent increase in the value of world merchandise exports to

\$2,475bn in 1987. In addition to the 5 per cent growth in volume, this increase reflects higher dollar prices for oil and other pri-mary commodities and a valuation effect due to the apprecia-tion of major currencies such as the Yen and the DMark against the dollar.

Gatt breaks down trade developments by product and geographical area. Import demand in the industrialised countries remained the strongest force on trade volume, General Agreement on Tariffs and Trade\*, the first part of which was published yester-

However, the acceleration in the momentum of trade last year is traced to a sharp turn-around in import demand in developing countries, from a substantial decline in 1986 to a volume increase of 3 per cent.

Asia continued to emerge as the most dynamic exporting region, the dollar value of its exports in 1987 being more than 70 per cent above their 1980 level compared with an average increase of a little less than 25 per cent for total world

The combined exports of Hong Kong, South Korea, Singapore and Taiwan, which surd in value the exports of the OPEC countries in 1986, came close to matching the aggregate exports of all the was the decisive element, other non-OPEC developing countries last year. At the product level the

overall boost in trade of manufactures masked some recent rapid changes in the commodity pattern. Thus, the volume of trade in electronic products, currently accounting for about 12 per cent of world trade in manufactures, increased more than twice as fast as the total

The dollar value of exports of electronic products (excluding the Soviet Union and Eastern Europe) increased by more than 20 per cent, Gatt Chemicals, where Western Europe's trade performance

gained about 20 per cent in dollar value last year, while the value of trade in textiles and clothing rose sharply
By contrast trade in automo-

tive products expanded less than the volume of total trade for the second year in a row. The volume of the steel trade now estimated to represent about 5 per cent of trade in manufactures - declined again. International Trade 1987/88 will appear in a two-volume set, available in English, French and Spanish from the Gatt Secreturiat, 154 Rue de Lausanne, 1211 Geneva 12. Price SFr50. The document published yester-day reproduces the first two sec-tions of Volume 1.

### Boost for 'dynamic' exporters DYNAMIC EXPORTERS tend exporters in terms of trade since the early 1970s, access to be dynamic importers, econvalue, starting with West Gereta with a shelped

to be dynamic importers. econ-omists from Gatt argue. They use their statistics to underline the case for free.

trade and partially to defend travely industrialised countries accused of keeping their own markets closed while they boost exports to others. A new table introduced to this year's annual report ranks

countries by the average annual rates of growth in the dollar value of their exports etween 1970 and 1987. The table also shows import growth South Korea, Talwan, Hong

Kong and Singapore top the list in that order with Turkey in fifth place and China sixth. Of the world's 10 biggest value, starting with West Ger-many, the US and Japan, none is among the top 10 exporters or importers ranked by long-term trade growth. Japan is in 12th place in the export

growth league.

More significantly, 17 of the
32 countries reporting aboveaverage export growth between 1970 and 1987 also show aboveaverage import growth.

The evidence is even more striking for the most recent

period 1982 to 1987 with 28 out of 32 countries combining rapid export and import The data, the Gatt econo-

mists comment, indicate that, despite the problems that have world in plagued the world economy in 1987.

are mounting a major clamp-down on the colony's thriving trade in pirated video tapes and computer software, in a

series of raids by customs offi-

cers, Our Hong Kong Corre-

many countries move up the development ladder. Moreover, they add, since these countries tend to spend the foreign exchange they

earn, their dynamism is spread

to other trading nations.

Elsewhere the annual report notes that accelerated growth of imports of manufactures into Hong Kong, South Korea, Singapore and Taiwan alone accounted for about one-third of the faster expansion of world trade in manufactures

last year. These four countries were responsible for 9 per cent of world exports and 6 per cent of

Swoops on the arcade have become increasingly common

over the past year, and this

time several thousand com-

puter manuals and diskettes

#### Companies invest in Vietnam

year, and countries are urged to end isolating Vietnam, an official Vietnamese radio transfer of the control of

TWELVE foreign companies broadcast said, Reuter reports

#### Contracts & Tenders

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### Conjuring with a Turkish illusion

Jim Bodgener reports on the problem of bogus export returns

ICTITIOUS export and and a third of the total.

returns have been a But most papers dwell on
perennial problem in in passing on an alarmin Turkey ever since tax rebate export drive.

But a hue and cry in the press has finally hounded the Treasury and State Planning Organisation into drawing up measures to tackle a problem once shrugged off as an unavoidable ill. They are only just in time: the tax rebate sys-tem will be phased out completely by next April to comply with Turkey's obligations under the General Agreement on Tariffs and Trade subsidy

The extent of the abuse has never been fully revealed. Senior officials and ministers all the way up to the Prime Minister, Mr Turgut Ozal, have denied publicly that there is a serious problem. Privately, however, senior Treasury officials admit bogus returns may have amounted to as much as 5 per cent of Turkey's \$10.19m sales in 1987. The press claims it ranges between 15 per cent

W Germans

By David Goodhart in Bonn

KLOECKNER-Werke, the West German steel and capital goods

group, has announced a joint

venture with one of the Soviet Union's largest shoemakers, Skorochod of Leningrad. The deal coincides with a

renewed effort by the Govern-

ment's of both countries to

forge closer economic links. Trade between West Germany and the eastern bloc has been

stagnating in the last few years, mainly because of lack of spare cash in the eastern

bloc, and joint ventures remain

Under the terms of the Kloeckner deal, a new com-

pany, called Deskor, will be established in the Soviet Union

70 per cent owned by Skoro-chod and 30 per cent by

Kloeckner Ferromatik Desma.

The latter is a Kloeckner-Werke subsidiary based in Bre-men which specialises in shoe

manufacturing technology.

Neither party to the deal was prepared to reveal any financial details. But the deal has

clearly been carefully prepared and the two companies have had a relationship going back

to 1984. Skorochod has been borrow-

ing German technical expertise

to improve shoe quality, and the German company, which

employs 2,300 workers in five plants, hopes to have opened

an expanding market for its

machines.

in Soviet

shoe deal

But most papers dwell only in passing on an alarming aspect for Turkey's Western incentives were introduced in creditors - that the country's in international financing circles might in fact be an illu-sion, conjured up by fake export earnings.

If the figures being touted by the press are correct, then between \$1.5m-2m of Turkey's record performance in 1987 are bogus exports. Such a discrepancy might wipe out the nar-rowing of the current account deficit for the year by 35 per cent to \$987m, which would have severe implications for Turkey's international debt

servicing ability.
Officially, the balance of payments improvement, from a had year in 1986, has continued into the first two months of 1987, when the current account deficit contracted further by 16.5 per cent to \$563m. Exports from January to April this year have remained above \$1bn a month (auguring well for the of \$13bn target), but dipped in

May.

Trading companies can register dummy exports in several different ways. The most

If the figures being touted by the press are correct, then between \$1.5m-2m of Turkey's record performance in 1987 are bogus exports.

straightforward is to register with the Turkish customs the export of goods which never leave the country. Another is to lodge a receipt for a much higher amount than paid by the overseas customer, sometimes with the latter's connivance. The goods can also be misrepresented - in a recent case, an exporter was charged with passing off plastic pens and ashtrays as gold and crys-

Foreign bankers, particu-

Japanese manufacturers have

market because of monitoring

arrangements and restrictions

registrations in the Swedish market soared by 80 per cent in the first quarter of 1988 and showed a 50 per cent rise in the

in other parts of Europe. The number of Japan

en targeting the Swedish

larly those directly engaged in export financing, say the sto-ries are too sensational. One, whose Istanbul-based institu-tion headless about 10 year contion handles about 10 per cent evidence of fraudulent claims.

The main culprits are small companies, although large trading houses have been implicated in the press. Small companies often trade through the larger houses - called foreign trade corporate companies (FTCCs), with exports totalling \$100m or more – to share in the latter's extra tax rebate privileges. The FTCCs used to rubber-stamp these deals, but now they are more careful, says Professor Cem Alpar, sec-retary general of the FTCC

pressure group, Turktrade. More pressing economic problems such as rising fuel bills are likely to take the heat out of the dummy export controversy in the autumn. But the opposition and a hostile press have given warning that they will maintain a relentless public scrutiny of the Government's vulnerable economic track record in 1988.

"Our figures showed that

exports and growth of market

share had no parallel in other

markets - the rapid increase is a result of a laser-beaming of

Japanese exports to the Swed-ish market because of restric-

tions in other European mar-

kets," said Mr Lars Stalberg,

Daewoo Heavy Industries Ltd.

US\$40,000,000

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Daewoo Heavy Industries Ltd.

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### Sweden set to curb Japan cars

By Sara Webb in Stockholm

SWEDEN'S FOREIGN Trade Ministry said yesterday that it hopes to see an end to "the excessive development" of Japanese car exports to the Swedish market, following signs from Tokyo that the car indus-try is willing to limit sales to

The issue of the alarming surge in Japanese car exports will be taken up again this autumn when officials from Japan's Ministry of Interna-tional Trade and Industry and its Foreign Ministry are expec-ted to visit Stockholm for further trade talks.

Nihon Keizai, the Japanese

economic newspaper, reported recently that the Japanese car industry has decided to limit its exports to Sweden and hold

have increased their market share in Sweden from 16 per cent in 1985 to 22 per cent in 1987, while the domestic car industry has witnessed a decline in market share from

first half year, causing considerable alarm at the Swedish Foreign Trade Ministry and from both Volvo and Saab-Scania, the Swedish automotive manufacturers.

assistant under-secretary at the Foreign Trade Ministry.

He said Swedish trade offi-cials had "won an understand-ing on the Japanese side to fol-low the developments and avoid disruption in the Swed-ish market" when the two sides met in April, but that Sweden had not specifically Sweden had not specifically requested restraints on exports. "Any change will take time," he added.

same period.

Swedish officials claim that 33 per cent to 28 per cent in the

### **Boat telephones for Caribbean**

BOAT-OWNERS will be able to make phone calls while travel-ling around the Carlbbean, as a result of a venture announced yesterday by Cable & Wireless, the UK-based international mmunications company.

C&W, which provides tele communications services in 14 Caribbean countries, has set up a company called Roat-phone Marketing, in which it has a 51 per cent stake. Caribbean Cellular Telephone, which already runs a mobile phone service in the British

Virgin Islands, will own 49 per

The new service will work on cellular technology. A radio station will be placed on each island and, when a boat moves out of range of a signal from one island, it will be handed over automatically to the next. Aithough people on land willeventually be able to use the mobile phone service, it will be targeted initially at the maritime community, particularly cruisers and yachts.

C&W said that many boats

come to the Caribbean from the US already equipped with ceilular phones. They would be able to use the new service, because Boatphone would use standard US cellular equip-

The service is planned to cover the following countries: Anguilla, Antigua, Barbados, British Virgin Islands, Cayman Islands, Dominica, Grenada, Jamaica, Montserrat, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Trinidad and Tobago, and Turks and

#### were taken away by customs The first raid came on Sun-This operation was followed day, and was centred on the MSTI-KIJOMIJ locally for its wide range of series of raids on 16 shops pirated software selling for a throughout the territory

THE HONG KONG authorities fraction of the cost of the genu-

ine article.

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By Lionel Barber in Washington and Janet Bush in New York

THE index of leading indicators, the US Government's main barometer of future growth, rose 1.4 per cent in June. The figures, enhanced by June's factory orders which showed a 5.5 per cent increase – the largest rise since Decem-ber 1970 – confirmed that the

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a healthy rate. Wall Street analysts said yesterday's economic figures taken together signalled that the expansion still had a lot of momentum and that the threat of higher inflation remained a

economy was still expanding at

they issue.

This was echoed in the US Federal Reserve Board's Tan Book, compiled from reports from regional Federal Reserve banks which will be used for discussions at the next Federal Open Market Committee meet-ing on August 16.

The Tan Book concluded that the economy continued to expand but that growth was patchy with sluggish activity in some areas and a moderate

or strong performance else-where it noted generally lacklustre retail sales but moderate to healthy gains in manufac-turing sales and orders.

On inflation, the Fed warned that some capacity constraints and shortages had developed and materials price increases were widespread.

Yesterday, the Commerce Department revised the leading-indicators for May to a decline of 0.8 per cent compared with an earlier 0.1 per cent fall.

Equally April's revised increase of 0.3 per cent was smaller than the earlier figure of 0.5 per cent.

The factory orders appeared unduly influenced by the relaxation of a short-term freeze in Pentagon spending.
Orders for aircraft and mis-

he is running out of time.
Fresh presidential elections should be held by June 1989 and if Mr Alfonsin's radical party is to stand a chance siles rose 67.8 per cent in June, while shipbuilding and mili-tary tank contracts rose 814.7 against the confident Peronist per cent. Excluding the defence component, factory orders rose opposition he has to shed his cartoon character credibility 2.7 per cent in June, after ris-ing 0.2 per cent in May. and bring the economy to heel Both he and Mr Juan Vital Sourouille, the Economy Minister, are widely unpopular. Mr Alfonsin's one claim to a place in history is that he returned Argentina to democracy follow-

### Alfonsin attempts to revive his withered laurels

Stephen Fidler and Gary Mead report on a belated effort to cure Argentina's economic problems

Ratio of total interest payments to exports (%) popular television programmes is a US import depicting the daily life of an American family invaded by a small, ugly creature from outer space called Alf. Alf is 1967 Latin America Chile always coming coming up with bizarre schemes which go wildly wrong to general hilar-ity for the audience but to the chagrin of his tolerant family.

Alf's catchphrase is, in the
Spanish dubbing, no hay problemas (there are no problems).

ing the debacle of the Falk-lands invasion in 1982. But Mr Alfonsin knows his laurels have withered.

There will be those, particularly outside the country, who will argue that the new economic austerity package does not do enough to attack the chaotic fiscal system which is the main cause of the country's

Another weekly television

programme which takes a satirical look at Argentina, has

hit on the idea of referring to

the country's president, Mr Raul Alfonsin, as "Alf." His

catchphrase is hay problemas!

there are problems).

A belated attempt to cure those problems is now being made by Mr Alfonsin's Government of the problems of the problems.

ment, almost five years after

he took office in December

1983, with a package of wide-ranging economic reforms. But

Luke of Libra Bank, the Lon-don-based consortium bank which specialises in Latin American lending, say a large measure of the blame for the country's economic plight should be laid at the door of the tax system.

In a country of 30m people, only 50,000 pay income tax, which accounts for just 1.5 per cent of measured gross domestic product.

Mr Luke says a reform of the tax base is badly needed. At twice the average income, he points out, the marginal tax At the same time, Argen-

tina's public enterprises have

been notoriously inefficient, requiring huge transfers of resources from the Government. Over the last 18 years almost \$47bn has drained into the public sector. Of that, 40 per cent came from central government; another 36 per cent remains as unpaid debt. The World Bank has encouraged measures to address the problems, but much remains to

The black economy is huge, encouraged by inflation. It is estimated that the black economy is almost two-thirds the size of the official economy and has been growing. This may be why industrial output dropped 23 per cent between 1974 and 1985, but industrial use of electricity grew 51 per cent over the same period.

Yet any prekage to tooklo

Yet any package to tackle inflation which depends on a tight monetary policy will be regarded with scepticism.
The 1985 Austral plan, designed as a shock treatment for inflation, foundered after

early success, partly because the money printing presses

continued to work overtime, driven by the fear of what would happen to shaky provin-cial banks if they were denied access to the central banks' discount window.

Bankers agree that, of the major debtors, Argentina provides the greatest challenge to the conventional approach to the debt crisis, which calls for new money from commercial and official lenders and appropriate economic adjustment. Thus it represents the greatest challenge to the Baker Plan, outlined by Mr James Baker, the US Treasury Secretary, in

With the elections holding out the prospect for populist Peronist rule in Argentina once more, those who are bet-ting on a successful resolution to the problem within the context of the conventional approach to the debt crisis are in a minority.

normously powerrun vested interests in Argentina will collabo-rate to prevent the success of normously powerful the plan. The General Confederation of Labour, Argentina's central trade union organisation, has already promised to fight any measures which will depress even further the living standards of its members.

At the same time a large number of inefficient manufaccontracts for their income will

Argentina's former president, determined that Argentina would have a form of national Argentina inflation (% monthly change) socialism in which the state would own and run ail major and a number of minor - indus-

1988

July 1987 Jan

already crippled plans to pri-vatise the public sector.

Together, these two sectors are already planning their

future relations with the politi-cian who now claims to be the

most popular man in Argen-

tina, Peronist presidential can-didate Mr Carlos Saul Menem.

Though Argentina is going through relatively hard times it is far from being devastated.

A nation which complains

Thanks to Mr Peron, Argentina now has the most power-ful trade unions in Latin America and a series of nationally-owned industries which are inefficient and expensive to maintain. It has the only oil industry in the world which consistently

world which consistently makes a loss.

But Mr Alfonsin's judgment is right in one respect. What Argentines care about is not the ritual being played out in the Federal Appeal court, where a weary group of exarmy officers are on trial for their responsibility for the Falklands fiasco. The ordinary person who, when the banks person who, when the banks did not open on Monday this week, went into the nearest supermarket to panic-buy food and household goods, is more concerned about inflation and prices than generals and

because its per capita con-sumption of red meat has Wealthy and white-collar Argentines are increasingly dropped from more than 100 kilos a year to about 70 is alarmed by the prospect of their standard of life dropping hardly suffering in the way which Ethiopians or even Bra-zilians would understand. to a level they generally regard as being more appropriate to Equally, it is difficult to escape the sense that, up to a point, Argentina's problems are largely of its own making. their poverty-stricken Latin American neighbours. For a growing number of their fellow countrymen, that standard is just around the corner.

### Thrift policy 'must be given more time'

By Anatole Kaletsky in New York

yesterday urged Congress to ignore calls for more energetic action to refinance the nation's collapsing savings and loan industry, arguing that the Fed-eral Home Loan Bank Board's gradualist approach to weeding out the most insolvent thrift institutions should be given time to work.

In a Congressional presenta-tion clearly designed to thwart Democratic hopes of making the thrift industry an electoral issue, Mr George Gould, the Treasury's Under-Secretary for Finance, said the Administration was "not in the mood for a

budget-busting bail-out."
Mr Gould rejected the view of the industry and the Government's General Accounting Office that the costs of resolving the thrift industry crisis were mounting daily as insolvent institutions continued to vent institutions continued to pay high interest rates on deposits where asset backing year to August 10.

THE Reagan Administration had evaporated. He suggested that demands to speed up the closure of insolvent S&Ls were motivated by a desire to prop them up with taxpayers'

> He said the FHLBB's recapi-talisation plan, which allows the government backed agency to borrow \$3.75bn a year to pay for S&L rescue, was working. The FHLBB would be technically insolvent to the tune of over \$10bn according to generally accepted accounting principles, the GAO said in its lat-

The FHLEB said yesterday its subsidiary, Financing Cor-proation (Fico), had raised \$250m in the New York capital market through a private bond placement arranged by First Boston. This latest bond issue brought to a conclusion the \$3.75bn borrowing programme authorised by Congress for the

#### Vassiliou shows | Reagan 'will optimism on Cyprus talks

By Andreas Hadilpapas in

PRESIDENT George Vassillou-of Cyprus said yesterday the omens were good for a negoti-ated settlement of the Cyprus

Addressing the National Press Club in Washington after two days of talks with the Reagan Administration and mem-bers of Congress, Mr Vassiliou said he had found "sincere and

strong interest" in Cyprus.

He stressed that the role of the US could be instrumental in the search for a settlement of the divided island's prob-

Mr Vassiliou, who was elected president last Febru-ary, said he wanted a solution and added that he was preand added that he was pre-pared to be "flexible in the pro-cess to bring about at long last the reunification of our coun-

mr Vassilion, a Greek Cypriot, and Mr Rauf Denktash, leader of the Turkish Cypriot community, are due to hold talks at the UN in New York on August 24 under the auspices of Mr Javier Perez de Cuellar, UN Secretary General.

### approve plant closures bill'

By Stewart Fleming in

SENATOR Robert Dole, the Republican Minority Leader, predicted yesterday that Presi-dent Reagan would allow the controversial legislation on plant charges which has been plant closures, which has been approved by approved by Con-gress, to come into effect. The legislation, which has been strongly backed by the Democrats and organised

labour, requires larger compa-nies to give workers 60 days' notice before closing a plant. The measure was attached to the trade bill which Congress has also approved, but the White House was threatening to veto the trade legislation largely because of its opposi tion to the plant closures

The Democrats then split the plant closures measure from the trade bill in the belief that if President Reagan vetoed the plant closures, as the White House has threatened, this would damage the election prospects of the Republican Party and Vice-President George Bush among blue-collar workers.

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### Democrats divided over further aid for Contras

over a new aid package for the Nicaraguan Contra rebels, an issue which divides their party and their newly-forged presi-

A domestic crackdown by the Sandinista government and a fragile ceasefire in the eight-year-old civil war have revived the Contra aid issue after it appeared settled last March when Congress approved a humanitarian package exclu-ding military aid.

After the crackdown, Senate Democrats, wary in an election year of being labelled as soft on fighting Communism in Latin America, have been forced to work on a new package. The Republicans, led by Senator Robert Dole of Kansas, have tabled a \$47.9m package with \$20m held in escrow for arms and ammunition pur-

chases after September 1.

Republicans want to force a
Contra vote in Congress which
would expose divisions
between House and Senate
Democrats and also between
Governor Michael Dukakis of

CONGRESSIONAL Democrats Massachusetts, the party's yesterday continued to wrestle presidential nominee, and his presidential nominee, and his conservative running-mate, Senator Lloyd Bentsen of Texas. The senator has consistently backed both military and humanitarian aid.

Senator Robert Byrd of West Virginia, the Senate majority backer to majority began to majority began to majority began to majority began to majority.

leader, is working on comprosures including food clothing and medicine as well as stand-by military aid if the Sandinistas do not honour their peace pledges. The hope is to attract some Republican support, avoid a vote and thereby lay the issue to rest.

However, given the divisions among Democrats, Senator Byrd's efforts are at best an exercise in damage limitation.

• Mr George Shultz, US Secretary of State, arrived in Argentina yesterday on the second leg of his Latin American tour, leaving mutual recriminations behind him in Guatemala, Tim

Coone reports from Managua.
His talks there with foreign
ministers of the four US allies in Central America failed to

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MR NEIL KINNOCK, the Labour leader, yesterday accused Mrs Margaret Thatcher, the Prime Minister, of creating a situation in which there could be a return to the high interest rates and overvalued pound experienced in 1980-81 and which led to a 20 per cent reduction in Britain's manufacturing base.

In a statement issued at Westminster he contrasted the recent intervention by the Bank of England to stem the rise in the sterling exchange rate with her earlier state-ments opposing such action. Mr Kinnock recalled that in March Mrs Thatcher had said:
"There is no way one can buck
the market." He added: "So
instead the market has bucked her – and even worse has

bucked Britain". Arguing that earlier intervention would have been more effective, he said: "The specula-tors would have seen that the-

wins £18m

exchanges to Kenya.

Both parties to the merger

The contract involves sup-plying the Kenya Posts and

tion with 16 System-X

exchanges providing 78,000

exchange lines, as part of the

country's modernisation pro-gramme. It includes the supply

of computer-based operator ser-

vices for each exchange. Kenya has previously bought 100 of GPT's smaller UXD5

elecommunications Corpora-

marketed System-X

operations.

By Hugo Dixon

Bank and the Government were determined to prevent the rise in the exchange rate and turned their attention else-

Mr Kinnock maintained that the market would have calmed four months ago if the Govern-ment had been willing to make clear its resolve to act early and firmly to stabilise the exchange rate and give priority to the competitiveness of Brit-ish producers and exporters. ish producers and expurers.

Instead, the Prime Minister
and Mr Nigel Lawson, the
Chancellor of the Exchequer,
had been "locked in a theologi-

cal dispute" followed by an interest rates see saw.

Mr Kinnock claimed that the latest developments had stemmed from the Prime Min-ister patting the Chancellor on the head "so showing the mar-kets that he has come to heel

and they can safely speculate because she does not mind how high interest rates and, there-

fore, exchange rates, go".

He emphasised that the balance of payments deficit, interest rates and inflation were all rising. While the speculators and foreign competitors were gaining, British taxpayers, home buyers and producers were losing.

were losing.
Questioning whose side the
Prime Minister was on, Mr
Kinnock said: "She might claim to be batting for Britain on her trip abroad, but she is battering Britain with her policies at home."

In a parallel move Mr Gordon Brown, Labour's shadow chief secretary to the Treasury, wrote to Mr Lawson saying that yesterday's figures show-ing a rise in UK reserves last month did not show the extent

of intervention

He urged him to follow the advice of the cross-party Treasury and Civil Sarvice Committee and reveal the cost of such

#### **GEC-Plessey Contractors wary of** local services plan System-X deal

A CONTRACT worth more THE GOVERNMENT'S plan to than £18m has been won by GEC Plessey Telecommunica-tions, the leading UK telecomimprove the efficiency of local government services through compulsory competitive tenmunications manufacturer, to supply its System-X digital dering received a setback yesterday when two of Britain's biggest contract caterers indi-This is the largest export cated they would be highly order yet for the exchanges, selective in choosing the authorities they would comand the first since GPT was formed in April, out of a merger of GEC and Plessey

pete against.
Sutcliffe, a subsidiary of the
P & O Group with annual turntelecommunications over of £200m, announced that its strategy would usually be to work in partnership with local authorities to help them exchanges separately, the main rationale for the merger being to remove this duplication. win work for their in-house services. Only rarely would it make competitive hids of its

> Gardner Merchant, Britain's biggest catering contractor and a subsidiary of Trusthouse Forte, said it would only put in tenders for work where authorities were actively seeking change. Mr Gary Hawkes, chairman, said his company would "not go anywhere near" councils, such as Sheffield, which were hostile to the idea of privatising services.

Under compulsory competi-tive tendering, due to be come into effect in stages from August next year, councils will be required to allow private companies to bid for contracts to run services including street cleaning, refuse collection, catering and leisure manage-ment. Catering is thought to be one of areas most likely to be

The Government intends to use tendering to shake up what it sees as complacent councils, many of them left-wing, into reducing costs. In one sense, its aims are already being achieved as authorities tighten up operations to ensure they are able to compete effectively.

Nevertheless, Sutcliffe's statement means that a major potential source of competition for in-house council catering services will be effectively removed. Gardner Merchant's stance means that left-wing councils, the main target of the Government's strategy, will often be be able to ignore another potential bidder.

### Rothschild named as advisers on water sale

N M ROTHSCHILD and Sons, the merchant bank, has been appointed to advise the Water Authorities Assocation on the privatisation of the water industry in succession to Kleinwort Benson, which with-drew recently because of a con-

drew recently because of a conflict of interest,
Kleinwort dropped out because it was also advising the Government on the sale of the electricity supply industry. The two privatisation bills, on water and electricity, will be going through Parliament next session and the bank decided it could not advise on both could not advise on both.

Rothschild, too, is heavily involved in electricity privati-sation but does not face the same conflict of interest. It is advising the 12 area electricity boards that will distribute power, unlike Kleinwort which was advising the Government

on the electricity sell-off.
Nevertheless, Rothschild will
still face the difficult task of handling the two huge simulta-neous privatisations.

The difficulty may be eased, however, as the Government is now considering putting the water privatisation bill through Parliament first and allowing a short "breathing resea" before proposed in the state of the s space" before proceeding with electricity. A final decision will be made on this before the House of Commons and House of Lords resume in the autumn

A spokesman for the Water represents the 10 authorities of England and Wales, said it was satisfied that there was no conflict of interest

It is clear that Rothschild's extensive experience in privati-sation weighed heavily in its appointment by the WAA against competition from other merchant banks. It was involved in the privatisation of British Gas, Rolls-Royce and the controversial BP privatisa-

The company has two strong teams in place to tackle the two privatisations and their work will be co-ordinated by Mr Michael Richardson, its head of corporate finance.

The immediate task will be to advise on the restructuring of the water authorities and on

regulatory matters as the Gov-

ernment's legislation emerges.

### Atomic energy body seeks new technology role in Europe

A NEW role for the UK Atomic Energy Authority as Europe's most powerful research and technology organisation has been forecast by Mr John Col-lier, its chairman.

Mr Collier, questioned about government plans to end its

£105m fast reactor programme, said it would be entering new European markets under the banner of AEA Technology. But he also held out hopes that its 250MW fast reactor at Dounreay, Caithness, in the north of Scotland, might survive until the late-1990s, instead of closing in 1993 as the Government announced last

it a never tariff for electricity from the reactor could be negotiated with the privatised Scottish electricity industry, it might be possible to keep it running until 1998-2000, he said. If a better tariff for electric-

A doubling of the present tariff of about 1.45p a kilowatt-hour would allow the authority to run PFR on a self-supporting

John Collier: emphasis on

basis, said Dr Brian Ayres, board member for research

programmes.
Mr Collier, presenting the authority's annual report, said he gave highest priority to end-ing its "over-dependence" on

the electro-nuclear industry, and to opening new non-nu-clear markets in Britain and

Its non-nuclear business, growing at 10 per cent a year, had to grow faster. Any com-pany with technical problems would be mad not to consult the largest research and devel-opment organisation in Europe, he said.

Its activities for the petro-

leum industry earned £7m last year, Mr Collier said. Defence, space, pharmaceuticals and process engineering were other non-nuclear activities in which

it was already involved.

"Among our less publicised skills, we can carbon-date ancient relics, cut a suit using laser beams and dry out. antique books without destroying their delicate paper," he claimed.

With the nuclear demands on its time diminishing, these skills were becoming available to overseas as well as UK industries.

### BTG almost doubles profits

By David Flahlock, Science Editor

RETURN to healthy profitability is reported by the British Technology Group, the state-owned agency for technology transfer, following a year in which unexpected setbacks had reduced earnings. BTG also reports that Toshiba, the biggest Japanese maker of nuclear magnetic resto £6.22m last year, on total revenues from licensing and industrial projects of £21.4m. BTG also doubled the revenue onance (NMR) medical scanners, has agreed to pay it roy-alties on the use of British patents, following earlier shared with its inventors to sements with General Klec-£3.18m - mostly drawn from the portfolio of NMR patents.

Coopers & Lybrand, on behalf of the Department of Trade and Industry, as a potential candidate for privatisation. that these patents are valid for only another five or six years. BTG still has hopes of persuading Siemens and Philips in Europe to pay royalties on their sales of NMR scanners. "Business as a whole is still progressing well," said Mr Colin Barker, BTG chairman, presenting his annual report. Pre-tax profits almost doubled

About 50 out of the Group's 500 or so ongoing projects are identified as potential money-spinners for the 1990s. They included an anti-anxiety drug licensed to G. D. Searle, a US group, now part of Monsanto; and machinery which it hopes will be the next major develop-ment in grain harvesting.

Anglican leaders vote for women bishops

institt

ANGLICAN CHURCH leaders have supported the consecra-tion of women bishops by a

decisive majority.

The decision by 423 votes to 28 at the 10-yearly Lambeth Conference, means that auton-Conference, means that autonomous Anglican provinces around the world may appoint women bishops if they wish. But no part of the church is obliged to have women hishops – and both atdes in the argument raging among the clergy have been told to respect each other's standnoints.

points.
Dr Robert Rancie, the Arch-bishop of Canterbury, is to set up a commission to oversee and monitor the appointment of women bishops. The subject has dominated the first two weeks of the meeting of church leaders at the Univer-sity of Kent at Canterbury.

Strong opposition to the con-cept of women hishops contin-nes within the church, however. It comes mainly from Bishop of London. Dr Graham Leonard, who insisted that he would never accept a woman bishop. "I would not be able to accept her having normal epis-copal qualification," he said.

Dr Runcie said: "The final reception of this as a custom within our church, as a tradi-tion in our church, will wait upon its general accep-tance — and obviously that does not happen in a

The controversy over the role of women was heightened because of the American church's wish to consecrate the world's first woman

### Political boundaries set for review

By Peter Riddell, Political Editor

THE SHAPE of England's parliamentary constituencies, each of which returns its own member to Westminster, is likely to be reviewed shortly after the next general election: somer than had been expected. The regular reviews of parliamentary boundaries have considerable electoral and

tric of the US and Hitachi.

BTG is being investigated by

population away from inner city areas – generally strong-holds of Labour Party support – to the Conservative suburbs and rural towns.

Just before Parliament rose

However, Mr Barker warned

for the summer recess, Mr Douglas Hurd, the Home Secretary, announced that the Parliamentary Boundary Commispolitical significance, reflecting sion for England was obliged to as they do a long term shift of report between February 1,

1993, and January 31, 1998. The exact timing and conduct of any review is a matter for the commission.

However, he added, "I understand that, at present, the commission hopes to submit a report to me as early as it can within the statutory period." This implies a report in the life of the next parliament, which could last from 1991-82 until 1995-97, depending on the timing of general elections. The last review, in 1983, is estimated to have cost Labour. 15 to 20 seats in the House of Commons, through elimination of small inner city constituen-cies and the creation of suburhan and rural ones. The changes could be smaller next time, but are still likely to be adverse for Labour.

**PRICE WATERHOUSE** and the FINANCIAL TIMES CONFERENCE ORGANISATION

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Bob Fuiller Director, Capital Markets Charterhouse Bank Limited	Richard Kileby Managing Director Capital Markets Charterhouse Bank Limited	_
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## **NETHERLANDS**

The Financial Times proposes to publish this survey on:

**10th October 1988** 

For a full editorial synopsis and advertisement details, please contact:

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FINANCIAL TIMES

# to the **End of the Century**

The accelerating pace of expansion in commercial aviation worldwide and the impact this will have on all the existing facilities for the rest of this century will be the subject of the Financial Times latest conference to be held in London on 30, 31 August & 1 September, 1988 just before the Farnborough International Air Show. Speakers will include: derick W Bradley Jr..

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UGUST 3 1988

### Foreign earnings by institutions drop 5 per cent

of the City

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82

services continued to grow. Overseas affiliates of UK banks

and affiliates of overseas banks based in the UK both saw a

ate aftermath of the crash

Among insurance compa-

There was a marked rise in

includes estimates of broker-

age commissions of securities

of the remainder of securities dealers' earnings were not

arrangements for a comprehen-

sive system of statistical

reporting by securities dealers

THE BANK of England have been simed largely at yesterday announced the issue, hullding societies, which have by auction of 2750m of about, seen hig inflows of cash since

to overseas buyers.

October's stock market crash. The issue is not free of tax for

non-residents. which would

The auction will take place

for every £100 of stock will be payable on September 19. Deal-ing started yesterday on a "when issued" basis, with buy-

ers settling the day after the

Reaction to the announce-ment was modest, with some incertainty about who would

buy the stock. By the end of the afternoon it was trading below its peak of the day although higher than existing stock of the same type because

of the advantages of its being partly paid.

The stock closed at £44, giving a yield to redemption of 9.96 per cent. Mr John Shepperd, economist at Warburg Securities, said there was some concern within the market about demand for the stock. "There is going to be some degree of nervousness before the auction

The auction announcement includes some minor changes to hidding procedures: Profes-sional investors can bid in thirty-seconds-of a pound (the way in which prices are quotes in the market) and the Bank has increased the minimum per-missible bid to £100,000 from

THE OVERSEAS earnings of institutions in the City of Lon-don fell by 5 per cent last year, according to Central Statististical Office figures released yes-

The drop, which followed seven successive years of 8 growth, was mainly a result of a fall in the overseas earnings

of UK banks. However, total City earnings from abroad were still more than 1% times greater than in 1983, and more than five times larger than in 1979.

Overseas earnings amounted to £9.4bn in 1987 of which £4.8bn was accounted for by the insurance sector and \$1.4bn by banking institutions. In 1986, the total was £9.9bn. The figures, compiled once a year by the CSO, cover identified earnings of institutions defined as being part of the

marked decrease in earnings.
The CSO said the figures are unlikely to have been dramatically affected by October's stockmarket crash The fall in City of London. They include the earnings of securities dealers, unit trusts, pension funds, commodity share prices would not have affected interest payments and brokers' commissions may even have been boosted by the traders and export houses as well as banks and insurance

The fall is likely to be interpreted as of some concern for the Government because overnies, the figures show £2.5bn seas earnings from the City was earned from abroad from underwriting lat year – little changed from 1986. Overseas earnings of subsidiaries of UK help to pay for imports of goods and services into the UK. However, the Treasury said recent years had seen substan-tial growth while the latest figinsurance companies were slightly above their 1986 level. ures largely reflected a pause

The fall in bank earnings earnings from brokerage by resulted mainly from a increase in net interest paid City institutions - from £624m in 1986 to £880m in 1987. This abroad by the sector. This rose from £1.1bn in 1986 to £2.8bn in

This is probably explained by smaller margins on lending - perhaps reflecting stronger competition. Earnings of the sector could also have been affected by provision for Third

UK banks saw a small fall in are being discussed by the portfolio investment income last year but earnings from rities industry.

The issue follows three

experimental auctions since lay last year. It will cover an additional tranche of existing

8% per cent Treasury stock due for redemption in 1994 and

will be partly paid.

The size of the issue is slightly smaller than expected

by most analysts and is thought to reflect the buoy-ancy of government finances,

which has reduced the need for large borrowing. The Bank of England has said it expects to

hold another auction of up to film of stock early next year. The latest issue is thought to

Bank plans £750m

auction of gilts

By Raiph Atkins, Economics Staff

### Way clear for early privatisation of steel

By Nick Garnett

BRITISH Steel Corporation will become British Steel plc from September 5 as part of the legislative changes leading to the flotation of the business.

almost certainly in November. The British Steel Act enabling this to happen received royal assent at the end of last week and the Govthe date for formally transforming the corporation into a

public limited company. The Crown will continue to hold all the shares in the business until flotation when the corporation will be privatisa-tion under the British Steel

"The corporation's recent record profits of £410m for the last financial year show that it is now ready to stand on its own feet in the private sector." Lord Young, the Trade and Industry Secretary said. "The way is now clear to

Sastchi and Sastchi was cho sen last week out of a list of six companies as the advertising agency for the flotation. The flotation's advertising budget

will be between £6m and £10m. The flotation is expected to raise between £2bn and £2.5bn.

Nottingham City Technology College spearheads education reform

**UK NEWS** 

ONE OF BRITAIN 's most innovative schools is planning to abolish summer holidays. The idea is the brainchild of the Nottingham City Technology College, one of a series of colleges being set up jointly by the Government and industry as part of a new initiative to raise educational standards in

They will be non-fee-paying secondary schools, designed for children with a talent for science and technology. Private companies will cover part of their capital costs and be heavily involved in running the colleges.

Nottingham college, due to open next year, had already disclosed its interest in a no-

By Philip Bassett, Labour Editor the which connects the fast-grow-

recognition between competing unions since the EETPU was suspended from the Trades Union Congress for refusing to withdraw from two of its controversial single-union, strike-

but all will go home to compul-

Nottingham's structure and

curriculum will be unfamiliar

director, hopes to staff with secondees from local industry,

believing that areas such as

careers advice and vocational

training are best handled by people with fresh experience.

the deputy head, who will also

be known as the director of finance and administration,

and a faculty head, one of

whose main jobs will be to

oversee links with industry.

Staff recruited so far include

RETPU leaders said that the vote had been influenced by the dispute between the union and the TUC, which looks

Free to determine its own pay arrangements, the college has abandoned the complex sory homework of up to two salary scales which apply in other state schools. Every teacher who does the same job too. It will include a centre for industrial studies, which Mr John Ramsden, its project will be paid the same, although

> Nottingham will pay its teachers slightly above the going rate - Mr Ramsden said it would offer £19,250 for a faculty head, compared with £18,250 in a secondary school of similar size. But it will expect them to work harder - to cope

a merit pay scheme modelled on industrial practice may be introduced later.

with the longer hours and shorter holidays. "That's another mould we've broken," said Mr Ramsden.

### Submarine peace offer rejected by unions

By Michael Smith

SHOP stewards at VSEL, the submarine building yard, yes-terday rejected decisively a peace formula put forward by the company to end a sevenweek strike at its main Barrow

A meeting of the union officials voted by 390 to 13 against accepting the company's offer of introducing fixed summer holidays over three years, rather than in 1989 as it had

originally proposed. The decision flew in the face of a recommendation from the national Shipbuilding Negotiating Committee, which is part of the Confederation of Shipbuilding and Engineering Unions and took part in discussions between unions and management last week, that the VSEL package be accepted.

The conflicting advice will be considered this morning by a mass meeting of workers.

VSEL proposals would mean each worker being given a one-off payment of £200 together with two days' extra pay in 1990 and three days' in 1991 and thereafter. In return they would agree to a one-week fixed summer holiday in 1990 and two weeks in 1991 and thereafter.

### Hard work, no play at city school strike, single union deal with its employees, which would be dren will work shorter hours,

the first in Britain's schools. It

has now agreed a further raft

of measures taking it more

deeply into unchartered

Out goes the three-term year: Nottingham will have

four terms. Out too goes the long summer holiday. Notting-ham's four terms will each be

separated by a two-week break.

The customary holiday in the middle of each term is also

The college's pupils will be expected to work hard. There

will be a 47%-hour week for pupils aged over 15, who will work from 8am to 5.30pm, five days a week. The younger chil-

likely to disappear.

the inner cities.

Electricians win single union railway deal

unions for the railway indus-

WORKERS on the recently-opened London's Docklands Light Railway have proceed to privatisation as soon as practicable." narrowly voted in favour of single-union representation by the EETPU electricians' union - instead of the traditional

> A count yesterday by the independent Electoral Reform Society showed that employees on the rapid transit railway,

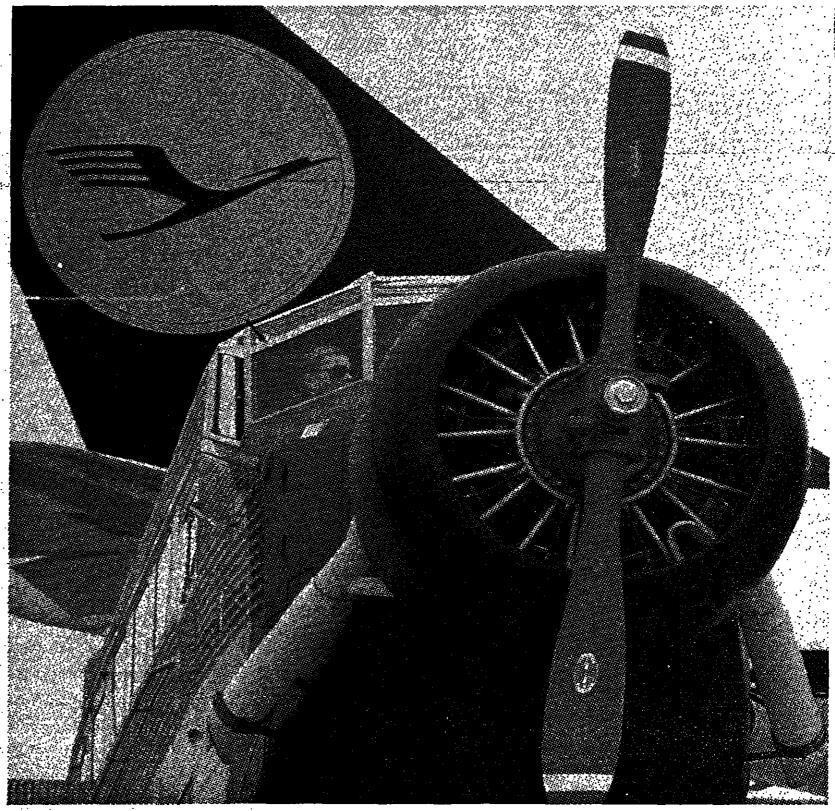
ing Docklands area to the main London Underground network, have voted by 43 votes to 39 in favour of the KETPU against a consortium of the NUR, Asief and TSSA rail unions.

It is the first time in recent British industrial relations that employees, rather than employers, have chosen between two unions on offer to

It is also the first real test of ecognition between competing expulsion at the TUC Congress next month. The DLR's employee

arrangements are not wholly in line with the EETPU's other single-union deals, but some of their main features - only one union being recognised, and a company council which reaches agreement on pay and conditions - closely follow those of similar EETPU deals.

# **Aviation history and Lufthansa**



# grew up together.



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#### **JOBS**

### How living costs vary around the world

By Michael Dixon

FROM the Jobs column's viewpoint, a good many of you readers seem to be globetrotters if not flibbertigibbets Hardly a week goes by without one or two folk calling to say they have been offered a move from Nasty (Hertfordshire) to El Dorado, or something such, and wonder how much pay they would need in the new location to preserve their accustomed style of life.

That is always an extremely complex question because the answer depends on so many factors. Small variances -even a relatively few miles in a large country, for instance - can make a notable difference. So does time, of course. While many organisations compile measures of worldwide living costs, by the time they are published the information on which they are based tends to be out of date.

Nevertheless today I am Nevertheless today I am offering comparative figures on such costs in a range of places, which readers will be able to update to give at least a rough gauge of differences for a fair time to come. The figures, shown in the table up there to the right, are drawn from the P.E Inbucon management consultancy's latest survey of international taxation and costs of living. All I have room for here is but a minuscule extract from the full report. Anyone wishing to know more should contact Penny Bunting

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lace	Living cost index	infia- tion %	Exch'ge rate \$1 =	Place
apan, Tokyo	163.9	1.2	234.25	UK. London
ulgaria, Sofia	147.8	6.2	1.47	Qatar, Doha
omania, Bucharest	131.4	4.8	14.78	Spain, Madrid
orway, Osio	128.6	7.0	11.78	Bahamas, Nassau
inland, Helsinki	123.6	4.1	7.52	Luxembourg
witzerland, Zurich	123.4	1.7	2.58	Jordan, Amman
enmark, Copenh'n	117.7	4.3	11.94	US. Los Angeles
weden, Stockholm	116.8	5.2	11.09	Trinidad, P of Spain
ibya, Tripoli	115.8	9.0	0.52	US, New York
Yemen, Aden	111.3	8.0	0.65	Oman, Muscat
aq, Baghdad	110.1	13.0	0.58	UAE, Abu Dhabi
aiwan. Taipei	110.0	2.5	53.63	Greece, Athens
ustria, Vienna	107.4	1.9	21.94	UAE, Dubai
SSR, Moscow	104.7	7.0	1.09	South Korea, Seoul
ermany, Frankfurt	104.3	1.0	3.13	Singapore
rance. Paris	103.6	2.4	10.60	Canada, Toronto
eland, Dublin	103.0	3.1	1.17	Bahrain, Manama
aly, Milan	101.9	4.9	2.318.00	Kuwait
elgium, Brussels	101.8	1.0	65.35	US, Washington
etherlands, Amst'm	100.8	0.5	3.51	Australia, Sydney
ermany, Beriln	100.2	n/a	3.13	Czech'vzkia, Prague
Yemen, Sana'a	100.0	12.8	19.25	Saudi Arabia, Jeddah

of the consultancy at Park House, Wick Road, Egham, Surrey TW20 0HW; telephone 0784 34411, fax 0784 37828. A drawback of most living-cost measures available is that they tend to be based on the

they tend to be based on the spending pattern of people of some particular sort. The United States "Washington Index" is tailored specifically to US nationals employed abroad, for example, and the index compiled by the United Nations is patterned on its own staff around the globe.

With a view to ironing out

With a view to ironing out some of the variances, P-E Inducon takes half a dozen

widely used measures and, wherever at least three cite fairly consistent costs for a location, averages them out. The result is an "Index of Indices" this year covering 130 places, of which my table includes 66 ranked from the

most to the least expensive.

The first column of figures after each place's name gives its living cost index. It is produced by taking the cost in the place concerned of a range of goods and services typically used by expatriate families, and expressing that cost as a percentage of the combined

items in London. Alas, since the question of what is a proper standard for house prices is much like "how long is a piece of string?", no account is taken of them. The following column gives some idea of inflation in the country concerned. The figure

1.00 6.84 208.40 1.89 65.35 0.63 1.89 6.77 1.89 0.72 6.92 249.10 6.92 2.33 0.71 1.89 2.54 15.84

cited is in every case the latest annual inflation rate available at the date when the index of indices was compiled: April 1 1988. The table is confined to places with rates below 15 per cent. Hence the absence of Argentina, Brazil, Egypt, Israel, Nigeria, Poland and so rate in terms of how much of the particular local currency could be bought for £1 on April 1 1988. In three instances, where more than one rate is quoted, a choice had to be made. The commercial rate has been used for Belgium and South Africa, and the tourist rate for Czechoslovakia.

82.4 5.4 80.9 14.5 80.6 6.3 79.7 8.9 78.1 11.5 77.3 3.0 75.2 10.0 73.7 3.0 73.7 10.0 73.7 3.0 72.8 5.0 70.9 14.7 70.1 10.2 69.5 7.5 69.2 9.3 66.9 7.0 66.0 7.0 64.1 11.0 63.0 13.3 61.2 10.5

Living Intla- Exch'ga cost tion rate index % \$1 =

Cyprus, Nicosia Indonesia, Jakarta Hong Kong, Victoria Portugal, Lisbon Tunisia, Tunis Kenya, Natrobi Malaysia, K Lumpur Morocco, Casablanca Thailand, Bangkok China, Bellino

Thailand, Bangkok China, Beljing Panama, Panama C Philippines, Manila S Africa, Jo'burg Sri Lanka, Cotombo Jamalca, Kingston Zimbabwa, Harara Pakletan, Karachi

Pakistan, Karachi India, New Delhi Botswana, Gaborone

Bolivia, La Paz Swaziland, Mbabane Hungary, Budapest

% £1 =
5.4 0.84
14.5 3,121.41
6.3 14.70
8.9 255.70
11.5 1.53
12.0 31.85
3.0 4.83
10.0 14.79
3.6 48.00
10.0 6.96
3.0 1.89
5.0 39.10
14.7 3.99
10.2 59.00
7.5 10.13
9.3 32.20
7.0 33.20
8.0 25.50
7.0 3.99
11.0 4.23
13.3 3.99
10.5 88.56

My object in giving those four-month-old exchange rates is to provide the means of adjusting the indices in line with market movements. The adjustment can be made for each place by taking the rate for its currency cited here, dividing it by the rate in force

at the later date, and then multiplying the result by the index number in the table to produce an updated index.

Which said, I am left with two regrets. The first is that, in a paper with an increasingly international clientèle, I have but to place the index on a

had to place the index on a specifically UK base. But I'm told that converting the basis to some other currency should still give a tolerable albeit rough idea of relative costs.

The second regret is that, beging officed a doi: trouveal. having offered a do-it-yourself 66-centre living-cost estimator, I shall probably no longer hear from as many people bound for intriguing places, such as....

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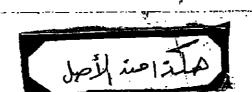
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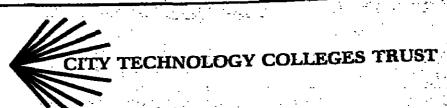
range.
Please speak with Stephen Medhurst on 377-5040.

#### **NEW ISSUES DOCUMENTATION** £20-25,000 p.s. Prime name European merchant bank seeks a New

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Please speak with Stephen Medhurst on 377-5040.



### PROJECT DIRECTORS

Five more City Technology Colleges have received firm offers of sponsorship and the CTC Trust and the sponsors require senior project directors to take each project through to reality. Ideal applicants should have a record of proven initiative at senior management level, together with a keen interest in

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Project directors are required for schools in London, Manchester, the Midlands and the Home Counties. Contracts will run for at least two years and responsibilities will include finding and purchasing suitable sites, supervising architects and builders, hiring key staff for the CTC and seeking additional local sponsorship and support.

Please apply in writing to:

Mary Eaton, City Technology Colleges Trust 37 Queen's Gate, London SW7 5HR. Tel: 01-581 2733

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Directorship **Potential** 

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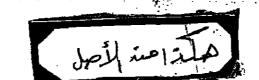
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#### MANAGEMENT

ak teaching staff at one of continental Europe's intercontinental Europe's inter-national business schools what their role is and you get a clear and confident answer, to develop managers who can operate across national frontiers. Ask the same question at London Business School and staff will tell you that they do not know what their role

that they do not know what their role is. Life at the school's Regent's Park premises is very comfortable, they say, but nobody knows where the school is going. There is no sense of common purpose.

We are more a federation of independent entrepreneurs than a cohe-sive institution," one senior member of the faculty says. This does have its advantages, says John Hunt, professor of organisational behaviour, in that it makes for diversity and cre-

But he and his colleagues recognise that they will, together, have to make some important decisions over the next few years. The creation of a single European market in 1992 will sharpen the debate over whether LBS should be primarily a British or an international school.

The current drive to improve the

education of Britain's 2.75m managers presents LBS with another dilemma: should it provide for the training needs of a large number of managers, or should it be a centre of academic excellence?
Added to this is the difficulty that

all business schools have in recruiting competent staff at salaries far lower than they would earn in finance or industry. LBS is concerned, too, about the future of its government grant.

Last year, the University Grants Committee cut its funding by 20 per cent.

Some, like Professors Brian Griffiths and Hugh Murray of City University

Business School, believe that business schools believe that business

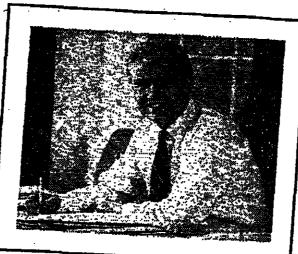
schools should manage without any financial assistance from the state.

LBS will face these challenges under a new leader. The school's principal, Peter Moore, steps down next summer. The search for his successor has already begun. Moore is a courteous and approachable man, but his colleagues allege that he has failed to provide the school with the focus and eadership that it needs.

Moore himself says that the school has achieved significant successes since he became principal in 1984. "We have expanded steadily," he says. "We have built a new building. We have lived through the traumas of the UGC funding change. In the last five years we have doubled the money we have raised from research. Our research income is now about 60 per cent of our annual UGC grant. It is

We had 250 press cuttings a year five years ago. Now we have 1,500 press cuttings. We have also got our Royal Charter." The Charter, awarded in 1986, made LBS a university in its





what Cambridge was," he says.

LBS "seeks to study and analyse

business and to teach what it knows to as good a group of students as it can get. That's importantly different

from educating an elite group of man-

agers. If you were educating an élite

Instead of starting with what man-

the school, consciously or uncon-sciously, is set in that mould."

One former member of the faculty says that in any business school, "there's always this tension between

research and being a professional

school." In recent years, he says, LBS "has tended to veer in the direction of

becoming more academic."

The research for which LBS is best

known are the economic forecasts of

its Centre for Economic Forecasting,

headed until recently by Professor Alan Budd. The school has six other research centres, including the Insti-

tute of Finance and Accounting, the

the Design Management Unit.
Peter Moore rejects the charge that

much of LBS's research is too theoret-

John Hunt (left): expected to apply for the post of principal of the LBS after Peter Moore (right) retires

### LBS: in urgent need of a sense of direction

As Britain's premier business school begins the search for a new principal, Michael Skapinker outlines the dilemmas that will confront him

years as deputy principal. At the time of his appointment, some on the LBS governing body argued that an industrialist should be appointed instead. A similar debate is taking place today over whether Moore should be succeeded by an academic or a besides. ceeded by an academic or a business-

Two LBS faculty members have been mentioned as possible candi-dates: John Kay, the research dean and John Hunt. Kay says he is not interested. "It's not particularly what I want to do with the next five years of my life," he says.

Hunt refuses to say whether or not he is a candidate, but it is thought that he will definitely apply for the job. His colleagues seem lukewarm about the idea. "One could do a lot worse," says a member of the teaching staff. "Equally it doesn't sound an exciting appointment: I think we want someone who's a strong leader with a sense of vision and mission."

Derek Abell, the dean of Imede, a research income is now about 80 per cent of our annual UGC grant. It is about 35 per cent in universities as a possible principal for LBS. Abell says, however, that "whatever anybody at LBS thinks, national. I think we have raised the awareness of the school considerably. We had 250 press cuttings a year five limede with the International Management Institute in Genera and has ment Institute in Geneva and has already said that he would like to head the merged school.

marter. The Charter, awarded in the marged school.

86, made LBS a university in its
When names of industrialists are discussed, one that keeps coming up
Moore became principal after 12 is that of Sir John Harvey-Jones, for-

Whoever becomes principal faces a difficult task. "It's going to take a very unusual individual," says Dean Berry, who began teaching at the school in 1966, served as dean of Insead, the international business school in Fontainebleau, in the 1970s, and now teaches at LBS part-time. Everybody will say they want strong leadership. They mean they want strong leadership over someone else." For the new principal, Berry says, "there's a substantial rebuilding job. Somebody's going to have to come in and build some institutional pride. Apart from persuading a talented and individualistic faculty to focus its

attention on some common objectives, the new principal will have to settle the question of how academic and research-oriented LBS should be. Charles Handy, a part-time LBS professor and the author of a major report on UK management education, believes that the school's individualistic culture in the direct management.

tic culture is the direct result of its academic origins. LBS began in 1965 as part of London University. University academics typically see themselves as researchers and teachers of their particular subject rather than as part of a corporate entity. "If ical. "We only do research here which you wouldn't find a consistent view of what we can teach or which will be of

erally. We have done work on things like the domestic appliance market throughout Europe which showed that it is not one market but a series of domestic markets. It's those sorts of things that the research is going

use to business and the economy gen-

John Kay, who became research dean last year, concedes, however, that "research has been seen as an individual rather than a school activity. One thing I would like to do is develop a more coherent strategy, with our own publications and more organised press communication."

Whatever its shortcomings, LBS's research is the envy of the other European schools. Insead has embarked on a major effort to increase the amount of research it does. The International Management Institute is also devoting more time to research.

Where Insead, IMI and Imede believe they have the edge over LBS is in the international environment they offer. Although Insead is based in France and IMI and Imede in Switstaff and students from all over the world. By contrast, LBS's faculty is overwhelmingly British, as are the majority of the students.

majority of the students.

Elroy Dimson, the director of London's MBA programme says he feels "very hard done by that others perceive that Imede and IMI are more international. LBS is in London. There are so many people passing through. Nobody passes through Lau-sanne. Nobody passes through Fontaiebleau. You can never say that LBS lives in a vacuum.

Of the 120 students who have just mpleted their two-year full-time MBA courses, 39 per cent were non-British, representing 27 countries. Of the UK students, 31 swapped places for a term with students from busi-ness schools abroad, further enhancing the school's international flavour,

group of managers you would start with what those managers need to Dimson says.

To some, like John Hunt, however, the school still concentrates too much agers need, Handy says, LBS academics pursue the research that interests them and "then share what they know with their students. That's very much the university model, I think school consciously or unconstitutions. on British issues. "1992 is as big a challenge to us as to anyone else," he

Not everyone agrees. John Kay says while the school needs to have interwhile the school needs to have inter-national faculty and students, "in the end, our mission is primarily to improve the quality of British man-agement." This, too, is an issue the new princi-

pal will have to settle. The market for international MBAs is becoming increasingly competitive. Insead has acquired an enviable reputation. A merged school comprising IMI and Imede would be an attractive option for unreadly making markets. for upwardly-mobile managers.

Nor can LBS rest on its reputation as Britain's top school. Schools like Ashridge are already winning praise for their innovative approach to management development. Perhaps the greatest threat, however, will come from two universities whose interna-Public Sector Management Group and tional reputation no European insti-tute could hope to better: Oxford and Cambridge, both of which are talking about introducing MBAs of their own.

#### Training

### **Back to school**

David Thomas analyses a study of whether company practice might benefit teachers

anagement is all the rage in Britain's training."

This conclusion is based on by financial pressures and having to cope with the Gov-ernment's educational reforms, head teachers are taking an interest in the management of their resources as never before. Talk of the head as the chief executive is becoming commonplace.

Yet most teachers, including heads, are painfully aware of their lack of management expertise. Their training has typically been confined to classroom and curriculum matters. The Department of Education, responding to the concern, is ploughing money into management training for heads and governors.

Set against this background, Nick Minton had a bright idea. A teacher in the London borough of Enfield, he set out to study how companies train their managers, with a view to coming up with recommenda-tions for improved management training for teachers. He applied for a fellowship at Homerton College, a specialist education college in Cambridge, which allowed him to do just that. Minton spent much of 1986

in the management training sessions of a clutch of Britain's biggest companies. They included not just British Petroleum, which sponsored the Homerton fellowship, but also Barclays, British Gas, the Electricity Council, Ford, Marks and Spencer, RMC, J Sainsbury, W.H.Smith and Wellcome. Minton must have become one of the best informed people in Britain about how the blue chips train their managers.

Minton emerged convinced that much of the content and many of the techniques of industrial training could be transferred to the educational sector. The two spheres "have substantial areas of mutual concern and interest when it comes to staff development and training needs," he con-cludes in his report, newly published by BP's educational

service.

He goes further by calling for an exchange of training personnel. "There seems to be considerable potential for some system of reciprocal secondment between industrial training departments and cen-

the assumption that industrial trainers have as much to learn from teacher trainers as vice versa. But, reading between the lines of Minton's report, one wonders.

Many of the recommenda-tions for teacher training flowing from Minton's project are stunningly naive. Thus, having spent hours studying how some of the best and brightest of Britain's companies train their managers, Minton advises teacher trainers that "different people learn in dif-ferent ways" and that "a gen-eral understanding of human behaviour would probably be

of interest to many teachers."

The report continues in equally Pooterish fashion about time management (it helps), communication (the ability to communicate is not innate), meetings (some are badly organised, pointless and a waste of time), interviewing (interviewers should be trained), financial manage-ment (ditto) and delegation ("there is, after all, more to delegation than just telling someone what you want him/ her to do and then letting him/

There are two possible con-clusions to draw from Minton's report. Either senior teachers are already being trained in the elementary skills described in the report, but Minton does not know this. Or the absence of management training for the people who run Britain's schools is more total than almost anyone imagined.

Plumping for the second option would be charitable to Minton, if not to Homerton College. The second option also implies that industrial trainers have almost nothing to learn from their educational

counterparts.
Unless, that is, in helping to cope with stress. For one of Minton's other conclusions is that "teaching has for some time been regarded as one of the more stressful occupations." By whom?

"There is no worse lie..."
Industrial management training and the training of teachers.
Nick Minton. From BP Educational Service, PO BOX 5, Wetherby, West Yorkshire, LS 23 7EH Free.

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### Chance to exploit a defence invention

DEFENCE Technology Enterprises, a company that aims to commercialise military inventions, has agreed licences with three UK companies to exploit a laser-based analysis technique devised by Defence Ministry scientists.

Bernard Herden, DTE's man-aging director, believes total sales of products derived from the laser technique could run to £300m over the next decade. Herden says the invention, developed at the Royal Signals and Radar Establishment in Great Malvern, Worcestershire, is one of the most exciting products to have emerged from the company's activities.

DTE, formed three years ago and based in Milton Keynes, includes among its backers
Barclays Bank, Lazard
Brothers and Robert Fleming.
It obtains ideas from Defence Ministry research establishments and places them with companies for commercial development, in exchange for a royalty fee.

The laser technique is based on a method invented by RSRE scientists for studying the flow of gases from jet engines. A laser shines on the tiny particles found in gas streams; the degree to which the light is scattered gives an impression of a particle's position and the speed at which it is travelling.

DTE believes the technique could be equally applicable to a range of monitoring applications: measurement of air par-ticles in pollution instrumentation, analysis of water samples and measurement of biological fragments found in blood.

The biotechnology company Oros, of Slough, which is developing automated purification systems, has taken out a licence on the invention, which could be used to monitor the size and concentration of mole-

cules in chemical mixtures. Oros believes it could form a sensing device for use in its future products. With the help of the RSRE, the company is attempting first to miniaturise the optics involved in the laser.

The two other companies which have taken out licences have not been named. They are involved with water purification and pollution control.

ast October the world's first fully automatic toll system was installed on Norway's west coast. It enables motorists to drive through a new 7.7 kilometre road tunnel, which links the mainland town of Aalesund to the islands of Ellings and Valder, without stopping or even slowing down to pay.

stands of eximings and valuer, without stopping or even slowing down to pay.

The system, called Premid, was developed by the Norwegian subsidiary of Philips, the electronics group based in Holland. It is the first automatic toll system based on microwave examples to see Introduced. communications to go into operation, although a number of others are being developed around the world.

Regular users of the Aalesund tun-

nel have an electronic identity plate about the size of a cigarette packet fixed to a side window of their car or truck. When they pass the toll station, an array of aerials by the roadside aims a burst of low-power microwaves at the vehicle. The identity plate, which contains a tiny memory, reflects microwaves back to the

The reflected signal contains coded information about the vehicle, which the Premid computer compares with the information it holds about the subscriber. If everything is in order, it deducts the NKr 25 (£2) toll fee from his or her account.

In addition to the two barrier-free lanes for Premid subscribers - one in each direction - the Aalesund tunnel has both manned booths and auto-matic machines for people who want to pay by cash or card.

More than 3,000 vehicles a day use

the Premid lanes; this is nearly 60 per cent of the traffic passing through the toll station. Premid allows 1,500 vehicles an hour to go through the toll at peak periods - three times as many as a fully manned station.

Subscribers obtain an identity plate by submitting an application form to the Aalesund and Giske Bridge Company, the private company which operates the toll station, or to a local bank. The form requests details of the vehicle and the type of subscription required; this can be for a specified number of journeys or a monthly or annual ticket.

At the same time, subscribers authorise their bank to renew the subscription automatically when it expires and debit their account. This eliminates additional administration

Although the Premid lanes at the toll station have no physical barriers to prevent non-subscribers sneaking through illegally, a sensor on the road monitors every vehicle that passes. If its identity plate is missing or not in order, a red light warns the driver to stop. If he or she still keeps going, a video camera automatically records the number plate.

In some cases it turns out that the driver is not deliberately defrauding the system but is a subscriber whose plate is not properly installed. He or she is then notified and a correction

Peter Marsh | made.
If the vehicle is carrying an invalid identity plate or no plate at all, the

### The non-stop route towards a smart card for cars

Clive Cookson and Karen Fossli report on an automatic toll that heralds the era of the intelligent journey

authorities will fine the owner NKr 300 (£25). They even try to pursue offending foreign drivers by mail.

After nine months of operation, After nine months of operation, only seven drivers in 1,000 pass through the toll station illegally. Most of these are people who drive through the Premid lane by mistake and the toll operators expect the number of illegal passages to decrease to about two per 1,000 once people become familiar with the system.

Premid is based on electronic iden-tity plates which Philips developed originally to keep track of items moving around automated factories. Cars being assembled in BMW, Fiat, Audi and Volkswagen factories are equipped with these plates.

The system has several other potential uses. For example, Philips is testing the plates for installation on high speed trains operating between Paris and Lyon, in France. This would

An electronic identity plate the size of a cigarette packet is fixed to a side window

enable the distances between trains to be monitored and the information could be used to increase traffic.

But it is the automatic toll application that has aroused the most inter-est. Visits have been made to the Aalesund tunnel by representatives from government departments respon-sible for roads in the UK, France, Spain, Italy, Japan and Australia. The EC would like to see European stan-dards for automatic toll systems and it too has taken a keen interest in the

From the UK, Rodney Jones, manager of the notoriously congested Dartford Tunnel, where the M25 motorway crosses the Thames east of London, has inspected the Aalesund toll station. He was impressed by the technology, but does not expect to see a fully automatic toll system installed at Dartford until the early 1990s, when a new bridge will be opened alongside the tunnel.

Jones believes that, if barrier-free

lanes similar to those at Aalesund were used at Dartford, several hun-dred cars a day would drive through them illegally without identity plates.
"Chasing up the payments would be a
bureaucratic nightmare," he says. "It
might be better to install the system
with a barrier and accept that it

would run a bit more slowly."

Philips is discussing the possible supply of Premid to Italy. There are about 2,000 entry and exit points on the Italian highway system, which at present have manually operated toll stations. It takes about a minute to complete each vehicle transaction. With Premid, vehicles could drive through without stopping and staffing

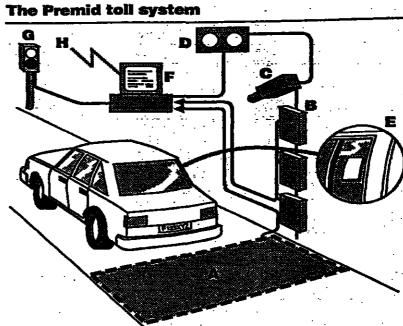
costs would be much reduced.

Looking to the future, the company says that it aims to measure the speed of oncoming cars to improve the syn-chronisation of the system. It could then work with cars travelling at 70

mph on a motorway.

While Philips strives to improve the Premid system, competitors are developing similar techniques for automatic toll collection, though none is commercially available. Philips says that it knows of one US-based company which has plans to test a system this year. A small Norwegian firm is also developing one.

In the UK, researchers from New-castle University and Newcastle Polytechnic are working on a microwave communications system for vehicles. They see automatic tolls as its first practical application and they have just gone into partnership with Mar-coni Electronic Devices, a GEC sub-sidiary based in Swindon, to commercialise the system. Its first trial is likely to take place next year at the Tyne Tunnel, east of Newcastle.



E Identity plate on window

H Communication with

Phil Blythe of Newcastle University

says microwaves have several poten-tial advantages over the current gen-eration of experimental car guidance

systems such as the UK's Autoguide and West Germany's Pilot, which use

infra-red radiation to communicate

The main advantage of microwave communications is that the signals are not affected by the weather, whereas an infra-red receiver can be

thrown out by direct sunshine or by

og or heavy rain. On the other hand,

infra-red operates over a longer range than microwave. The Newcastle sys-

tem has a maximum range of 10

metres, which means that a Mercedes

speeding along at 150 mph on a Ger-man autobahn might not be in range

for long enough to receive a clear

signal. The EC has just approved an Ecu

60m (£42m) research programme called Drives, which is intended to apply information technology to road

traffic. One of the purposes of Drives is to compare infra-red and micro-wave systems and to develop stan-

dards for communications to and

from moving vehicles.

The idea is that early in the next

century it should be possible, with

one smart card on the car window, to drive through any toll in Europe, from the Tyne Tunnel to an auto-

strada in southern Italy, and to

receive guidance and traffic informa-tion from roadside beacons as you go.

operational centre

F Computer

G Signal light

- A Vehicle detection sensor
- **B** Units for reading identity plates
- C Video camera
- D Video recorder
- Source: Phtips

The Newcastle team has produced a smart card for the car window which, at about the size of a credit card, is smaller than the Premid plate. It contains a microprocessor as well as a

memory chip.

This additional intelligence means that if a subscriber pays in advance for a certain number of passages, the card itself will deduct the appropriate fee whenever the car passes through

The Newcastle system could be used to transmit traffic information from roadside beacons

the toll. With Premid, a central com-puter has to process this information — and the Newcastle researchers believe that some drivers object to the idea of a computer keeping track of their movements.

The processing power and commu-nications speed of the Newcastle sys-tem mean that it could also be used to transmit route guidance and traffic information from roadside microwave beacons to moving vehicles. The receiver card on the window would then be connected to a microcomputer on the dashboard. A driver could, for example, key in his intended destination and directions for getting there would appear on a small display

that makes sense of statistics

A package

CUTTING through a mountain of economic and financial statistics to spot undiscovered bargains is how investment analysts earn their daily bread. A software package launched this week could make their life a little easier. Industry Monitor, developed by WEFA (Wharton Economet-ric Forecasting Associates), attempts to rationalise information from diverse sources. It works by taking the data and converting it to a standar-dised format. The material is updated overnight and can be used for graphs, reports or

forecasting.
Information comes from the Confederation of British Industry survey of industrial trends, the Central Statistical Office and the FT Actuaries share indices. The three sources are based on different electionation systems. Indusclassification systems. Indus-try Monitor uses data that has been rearranged according to sectors used for the share indi-ces – making it most useful for the financial community. The designers believe the package will allow analysis to

spet sectors where shares are undervalued or overpriced. For example, the share perfor-mance of an industrial sector can be compared with output or orders figures.

With the stock market still nervous after last October's crash, fund managers and analysts are putting greater emphasis on the quality of research. WEFA believes analysis by sector forms an impor-tant part of that strategy. Bill Martin, chief UK scono-

mist at Phillips and Drew, the securities house, has been developing an economic model including industrial structure and flows between sectors. He says that, since the crash, analysis have tried to focus more on economic fundamentals, but have found "an enormous gap between macro-economic analysis and what the sector

analysts say."
Industrial Monitor runs on a personal computer with tele-phone link and is supplied on disks. It uses analytical soft-ware developed by WEFA and costs £11,100 for the first year and £7,600 a year thereafter - considerably less than a human research analyst.

Ralph Atkins

### FT LAW REPORTS

### No Panel injustice to Guinness

REGINA V PANEL ON TAKE-OVERS AND MERGERS, ex parte GUINNESS PLC Court of Appeal (Lord Donaldson, Master of the Rolls. Lord Justice Lloyd and Lord Justice Woolf): July 28 1988

The Takeover Panel committed no injustice towards Guinness in refusing to post-pone a hearing as to whether its takeover of Distillers was effected by a concert party in breach of the City Code, in that Guinness had had evidence supporting a finding of concert party in its possession for nine months and had had ample time to formulate submissions, and there was no reason to think that a postponement would lead to disclosure of further or better information

THE Court of Appeal so held when dismissing an appeal by Guinness plc from the Divisional Court's decision (1988)2 FTLR 50 not to grant judicial review of the Take-over Panel's refusal to postpone a hearing arising out Guinness's take-over of Distillers Co pic.

LORD DONALDSON said that in December 1985 Argyll announced an offer for the shares of Distillers. In January 1986 Guinness put forward a rival offer.

Rule 11(1) of the Take-over Panel Rules provided that where 15 per cent or more shares were purchased for cash, the offer should "except with the consent of the Panel...be not less than the highest price paid by the offeror or any person acting in concert with it".

The Rules defined persons acting in concert as persons who cooperated to obtain control of a company through the acquisition of its shares.

Guinness and those acting in concert with them at that time held marginally less than 15 per cent of the Distillers. uares. That meant that whereas the cash offer

was 630 pence per share, if the 15 percent limit was exceeded, Guinness would have to raise its offer to 731 per share, that being the highest price at which the Guinness concert party had acquired Distillers shares. Argyll was only offering 660 per chare

On April 17 1986 Mercury Warburg, which owned 3 per cent of Distillers shares, decided to sell by cash settlement that day. A buyer was found in Pipatec AG, a Swiss company. The agreed price

was 705 pence per share.

When the deal came to the knowledge of Argyll's advisers, they invited the Panel to investigate with a view to finding out investigate with a view to finding out whether Pipatec was acting in concert with Guinness. The invitation to investigate was received by the Panel Executive on April 17 1986. The last day for either offer to be successful was April 18 1986. Stockbroker, Cazenove, said the order to buy the shares had been received from Banque Leu in Switzerland. Pipatec told the Executive that it had no connection

Banque Leu in Switzeriand. Piparec told the Executive that it had no connection with Guinness. That was confirmed in a letter dated April 17 from Guinness director, Mr Olivier Roux, to the Panel.

The Panel concluded that on the available evidence it should take no action. Guinness declared its offer unconditional on April 19. on April 18.

On December 1 1986 inspectors were

appointed by the Secretary of State for Trade and Industry to investigate Guinness affaire

In January 1987 Bank Leu wrote to Guinness referring to agreements between Guinness and the bank's subsidiaries, whereby the subsidiaries had agreed to buy £50m of Guinness shares and had confirmed the purchase of £75.6m Distillers shares, and Guinness had agreed to repurchase the shares within 60 days.

The letter stated that the documents setting up those arrangements were signed by Guinness directors, Mr Olivier Roux, and Mr Tom Ward. There followed a boardroom upheaval, as a result of which a new Guinness Chairman was appointed.

Guinness accountants were given a copy of a letter "the Pipatec letter" dated April 18 1986 purportedly signed by Pipatec and addressed to Mr Ward. The letter referred to Pipatee's having, on Mr Ward's instruc-tions, bought £75.6m Distillers shares, and Guinness's having undertaken to pay Pipatec an arrangement fee of £47,250 and to repurchase the shares within 60 days.

On May 11 1987 the Panel became a "designated authority" by the Financial Services (Disclosure of Information)(Designated Authorities No 2) Order 1987. The effect was that the Secretary of State was permitted, but not required, to disclose information to the Panel which he had acquired from his inspectors.

in June the Panel proposed to investi-gate the Pipatec purchase. If a hearing was needed, it would be held on September 2. In August the DTI passed the Pipatec letter to the Executive. On August 10 the Executive told the Guinness solicitors it had a copy of the letter. Guinness disputed its accuracy, and pressed that there should be no hearing. At a preliminary meeting on August 25 the Panel refused to vacate the September 2 hearing date.

On August 28 the Executive gave Guinness advisers the final version of its submissions for the September 2 hearing. It disclosed a letter from Allen & Overy, Bank Leu's solicitors, dated August 27

1987, protesting at the refusal to adjourn the September 2 hearing.

They said that Bank Leu had decided to confine itself to a short statement of facts for the purpose of the hearing. They stated that the Distillers shares were purchased by Pipatec, and were subsequently accepted to the Guinness offer for Guinness shares.

At the September 2 hearing the Panel held there had been a concert party opera-

Guinness obtained leave to apply for judicial review of the Panel decisions of August 25 and September 2 refusing postpone the hearing. The application was refused by the Divisional Court. Guinness

now appealed.

The judicial review jurisdiction of the High Court was supervisory. It had a large discretionary content. It was not the court's practice to entertain an application for judicial review unless and until all avenues of appeal had been exhausted. Essentially the August 25 application

was for a long adjournment, ie until after all proceedings, civil and criminal had been concluded, and the DTI report had

The September 2 application was essentially for a short adjournment to enable Guinness to respond to the Executive's final submissions.

In the circumstances of the present appeal it was appropriate to consider whether something had gone wrong of a nature and degree which required the intervention of the court, rather than to approach the matter on the basis of separate heads of Wednesbury unreasonableness and unfairness or breach of natural iustice.

Mr Oliver for Guinness submitted that the Panel approached the matter as though it were an investigation taking place within the constraints of time imposed when a bid was current, whereas the bid had been concluded 15 months earlier.

It was not unreasonable for the Panel to regard the investigation as having some of the character of an investigation contemporaneous with the bid because, first, it was concerned with precisely the same issue as arose during the bid, and second, assuming there had been a concert party, the primary reason it was not dealt with during the currency of the bid was that Mr Roux for Guinness had falsely confirmed in the April 17 letter that Guinness had made no financial arrangements with

Pipatec.
On August 25, there were very powerful indications that Pipatec had been involved in a concert party operation. Unless the Panel were to embark on some further and different methods of investigation, there was no realistic basis for believing that an adjournment would mercide it with other adjournment would provide it with other or better evidence.

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By September 2 the Panel had the Allen & Overy letter containing the Bank Leu statement. It amounted to a complete admission that the Pipatec purchase was indeed a concert party operation.

The September 2 application was based

on the late arrival of the Bank Leu statement and Guinness's need to include in frenetic activity if it were to prepare an adequate submission over the Bank holilay weekend.

Of actual injustice there was no trace. The essential evidence supporting a finding of concert party along the lines set out in the Pipatec letter, which had been in Guinness's possession for nine months, and the company of the contract o and the corroborative evidence, apart from the Allen & Overy letter, had been in Guinness's possession for ample time to enable it to formulate submissions, as indeed it had been continually urged to do.
While the Panel could never have been criticised if it had granted a short adjournment. ment, it its decision not to do so was not

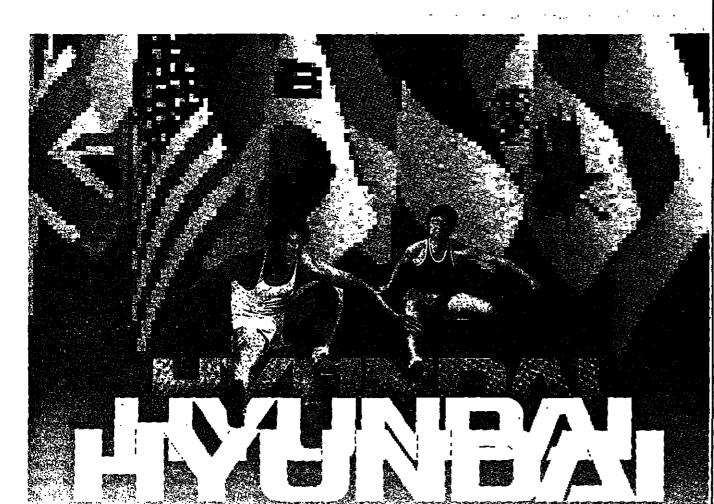
The appeal was dismissed.

Lord Justice LLoyd and Lord Justice

Woolf gave concurring judgments. For Guinness: David Oliver QC, Richard Field QC and Patrick Elias (Herbert Smith

For the Panel: Roger Buckley QC and Paul Walker(Lovell White Durrant) Rachel Davies

Barrister



### Catch The Olympic Spirit

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### makes One big bang — and several whimpers

Max Loppert sums up the second part of Bayreuth's Ring

reuth's new Ring is the come upon the audience without sooner or later — in out warning there are large hints, from the late 1980s

in the state of th

watching from a safe distance on their television screens. In the foreground a little girl and boy grope their way across the stage, torch in hand, while Alberich, a grey-fianneled worker once again, is a left-front-side spectator.

The little that the spectator on distance on the grounded that it would probably be more helpful than harmful to warn visitors to the Harry Kupfer production that a final ten minutes of the most stupendous kitsch awaits them; and that they should concentrate on the genuinely powerful passages leading up to it—for these do exist, in some quantity—and not be driven (as no doubt many of in the state of th the booers in the first-cycle andlence were) by the inantty ther last Order of the end into writing off the Radingers and whole enterprise as impudent Patting gre tosh.

It is indeed a serious matter when any producer, let alone one as skilled and tough-minded as Kupfer, makes something so unutterably ludicrous of the climax toward which the whole cycle is growing. It should be said. It is indeed a serious matter

the enterprise economy shall be imposed upon the business.

broadcasting system and inviting the new television freebooters with new technologies and new schedules to come in and challenge for the audi-

tem to conform to market dogma.

Reports from the Cabinet Commit-

tee, which last week endorsed

changes to be introduced in a broad-

casting White Paper this autumn, suggest that the chief considerations are

union power, new employment oppor-tunities, the extension and exploita-tion of new technology, and — never-

Most politicians could

hardly care less about

programmes. They are

interested in broadcasting.

to be underestimated — an unde-clared but powerful determination among politicians to ensure that

uppity broadcasters do not become

any more dangerously influential

than they are now believed to be.

Shamefully and depressingly, there are two words which are starkly

absent from that list: programmes and viewers. The trouble is, it seems, that most politicians could hardly

care less about programmes. By and large, they are interested in "broad-casting." For an MP nowadays that

tends to mean all the dirty bits col-lected onto a videotape by some self-appointed keeper of the public

morals, or it means a carefully edited selection of extracts from the week's

current affairs programmes, arrange

to prove that broadcasting is hid-eously biased against whichever party

lowed he What Britain's enormously successful

Rainin Alle ence, the rules are to be changed to force ITV's existing public service sys-

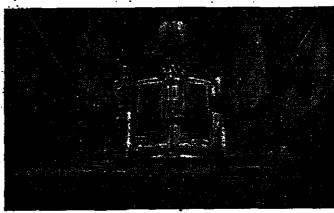
To that end, instead of retaining

industrial detritus piled up in Siegfried (Mime's forge is housed in a decayed sewer or oil pipe, and Fainer's lair seems to be a dump under a concrete motorway pillar) that the world is in a state of advanced disrepair. Likewise Gunther and Gutrune, he a rising gang boss, she a fluttery socialite in white cloche and feathers, are tokens of a Sick Society, and doom is nigh. But in the Götterdan finale the cataclysm that Wag-

It is a serious matter when any producer makes something so

ludicrous of the climax ner left grandly ambiguous (in the text, not in the music) is here rigidly enclosed in a sin-gle piece of directorial didacticism, ill-conceived and even ill-er-executed; whereas earlier on, in spite of all the minor disjunctions of word and sense caused by the modernising of the myth, the audience is at least given leaway to respond to the music and the best of the singers.

What's wrong with the new Bayreuth Ring is summarised in most concentrated form in its end. Its concomitant technical flaw - middling-to-poor design in the three long operas, relying on outlandish futurist contraptions or else a penitentially bare grey runway, with awkward creaks and hitches



The Bayreuth Ring - case for a re-think

the high-tech tricks (such as the laser-beam banks) meant to dazzle — lands more than one dramatic development in self-imposed difficulty.

No doubt the charge of lack of atmospheric variety, of differentiation between Ring locations, and of simple eye appeal (not to mention charm, beauty, postry tendersees or the my poetry, tenderness, or the myriad other qualities that the operas are also capable of imparting) will not be made by every Bayreuth audience member equally. Yet the product of ber equally. Yet the product of Kupfer's "political" vision, with its zealous introduction of characters where Wagner never wanted them, doing things he never imagined they would (such as the aged Wanderer in Act 2 of Stegfried, shown laboriously controlling the arrival and departure of the Woodhird) is something

the Woodbird), is something already strangely old-fash-ioned, dated, deja vu. What's good about it is the direction of characters in scenes of intimate exchange, and the original touches imparted thereto. The first meeting of Siegmund and Sieglinde is most beautifully phased around the overwhelming desire for contact that instantly springs up between them. An erotic heightening, here and in Brünnhilde's awakening, is cogently justified, and if it leads the production into regularly repeated mannerisms - these *Ring* characters spend an amazing amount of time lolling on a hard grey floor -it also enriches the dramatic.

There are moments of unexpected, wholly convincing ten-derness between Wotan and Fricka in *Die Walkure* and between Brünnhilde and Waltraute in Götterdämmerung; people often come close, touch, embrace. Siegfried in blue worker's overalls (Kupfer does not shirk his violence) and Mime in a dirty lab-coat enact a richly comical and perceptively detailed pas de deux of hatred: the first act of Siegfried

is the high point of the Bay-reuth visit. It is odd, given Kupfer's formidable reputation for making dynamic dialectic out of opera, that it is the small things that seem valuable and memorable. Wagner's long spans and broad horizons have eluded him pretty largely. As they have Daniel Barenboim. He responds readily and with real fervour to the dra-matic incidents, and to the distinct character-types of musi-cal material (at the start of Götterdämmerung Act 2, for instance, he instils in the orchestra a charged awareness of its balefully clouded tex-tures and piercing disso-

Kupfer and Barenboim have made up their castfrom first-time Ring

performers, and it tells

nances). Yet the ability to unfold long movements through tempo control and relationship waxes and wanes alarmingly – there was no explaining the hurtling-to-ward-home in the final pages of Siegfried, or the sheer slowness of so much of the Götterdammerung Act 3. A Wagner production of this stamp needs a less erratic conductor more urgently than most.

I mentioned the singers of the first two operas last Satur-day. The great achievement of the second two — of the whole Ring – has been the partner-ship of Siegfried Jernsalem (Siegfried) and Graham Clark (a Mime in whom the worlds of Woody Allen and Monty Python collide) in Siegfried. The former, so touch-and-go a

few years ago, is a new Jerusalem indeed: ringing high notes (until the final, forgivable tiring), dramatic abandon, and a rare fullness and lustre of tone in phrase after phrase nor-mally fated to be mauled. His ability to phrase in long lines contrasts startlingly with most of his collaborators.

In Götterdämmerung the role is taken by Reiner Goldberg, with assertive confidence and rather a lot of metallic rasp; in a similar job-sharing arrangement John Tomlinson's Wotan is replaced by Franz Mazura's Wanderer, an honourable fail-ure, cruelly strained. In the main, Kupfer and Barenboim have made up their cast from first time Pier performent and first-time Ring performers, and it tells. One can only assume that next year, or perhaps in the remaining 1988 cycles, the intervening experience will have lent greater definition to Philip Kang's Hagen, For Deborah Polaski's Brün-

nhilde the future, I fear, is not bright: she is obviously a serious singer and actress, and has robustly thrown herself into the production, but the insufficiency to the task of so illschooled a soprano voice, with so hit-and-miss a top register, thrown into cruel relief by Waltraud Meier's eloquent Waltraute and Eva-Maria Bundschuh's voluptuous Gutrune, and in the closing raptures of both Siegiried and Götterdämmerung she all but gave out. There are mediocre Rhinemaidens, Valkyries and Norns (Linda Finnie's Second a noble exception), and a fuzzy-voiced Erda from Anne Gievang.

It is not thumbs down for the new Ring. But much hard re-thinking is needed.



The Harlem Dance Theatre in action

### Harlem Dance Theatre

Into a London already bulging at the seams with appearances by the Kirov, Australian and Festival Ballets, comes a fourth visiting troupe - Dance Theatre of Harlem. Always an ensemble with a fond public, the company opened its season last night; alas, it was a less than engrossing programme, albeit the dancing served to alleviate something of the choreographic nullities in the

The opening Serenade, Balanchine's proving ground for his earliest students in the United States, is a masterwork which today has an especial relevance for the Harlem art-ists. In it they find those challenges about classic presence, about American academic dancing, which were part of its purpose half a century ago.

The present cast look at ease with it and with its manner, though I wish that the conductor, Milton Rosenstock, had adopted more alert tempi. The score sounded sluggish, the dance's momentum flagged; suddenly the piece had a sentimental and self-indulgent air far from that required by Bal-anchine. But there were grand moments when the women seemed to catch the choreography in their bodies with characteristic Harlem integrity, and the pulse of movement was full, irresistible.

I thought Lorraine Graves, with her majestic style, very fine: she can show us the choreography with a physical splendour that makes a simple step blaze with light.

About the two other works in the evening, I record that they had portentous pro-gramme notes, sonorous if slightly arcane titles, and miserable\_choreography. Footprints Dressed in Red) was set by Garth Fagan to a minimalist score by John Adams that seemed maddened by its own repetitions. The cast, modishly outfitted in blue draperies the men with one leg bare -behaved as if an aerobic lesson had developed ideas above its station, before finally indulging in a few contorted classical

These activities had a some-how thunderous air, as if statements were being made. What they were I could not tell, but I fear they might have been cosmic about dance, life and art. What I saw was the merest attitudinising, allied to thin little sequences of movement. which the performers could not

transcend.

Phoenix Rising by Billy Wilson and Arthur Mitchell, which ended the evening, purported to be about greatness born from adversity. I must note that after the adversities of sitting through it, no signs, of greatness have been mani-fested to me. The piece boasts a score of percussive and unre-lenting brashness, projections of a naked body and it looks as if Le sacre du printemps were being staged as a cabaret

The men wear Phrygian caps and loincloths; the women are given all-over tights on which a thoughtful hand has drawn breasts and navel; a group of priestesses are en grande toi-lette with straw skirts. The dancers indulge in ethnic stampings that have a deeply spurious air, for all their tremendous energies, and after a time the curtain falls. Ringing cheers - but not from me.

Clement Crisp

### There seems to be a growing **TELEVISION** possibility that British television is heading for a his-toric, tragic, and unneces-sary decline. The reasons are fairly simple the Government (or at least the Cabinet. well, Margaret Thatcher anyway) is determined that

### Market dogma hits the screen

is represented by the MPs being shown the tape.
Some of the ideas going into the Some of the ideas going into the White Paper could benefit viewers and might lead to wider programme choice. A fifth terrestrial channel, and in the 1980s a sixth, would probably be welcomed by many viewers, eventually. A single authority for the whole of commercial television — terrestrial, cable and satellite — is less sensible than taking the state out of television altogether and leaving control to the law of the land (a really trol to the law of the land (a really sound-Thatcherite policy, you might think) but more sensible than the proliferation of quangos, and that body well be the IBA

The fundamental flaw, so far as rine rundamental flaw, so far as viewers and programmes are concerned, is in the scheme which is apparently going into the White Paper providing for ITV licences to be auctioned to the highest bidders. Hostility to the present licence holders (Anglia, LWT, Yorkshire etc) springs from various entered in a notarious from various sources. In a notorious phrase, the Prime Minister herself referred to the companies as "the last bastion of restrictive union practices." Many advertising agencies would like to be able to buy time in a more competitive market, and they com-plain that ITV is a cartel. Those hoping to run satellite systems tend to identify ITV as a cosy, and all too strongly ensconsed, duopoly, working in league with the mandarins of the RBC to preserve their hegemony.

The possessors of these resentful voices, even if they do have their own

ares to grind, are the people who are now commanding most attention, and there is some truth in what they say. ITV companies have harboured a con-spiracy of restrictive practices; they have found it much too easy to keep on raising advertising rates; they have indulged in a mutual admiration part-nership with the BBC.



David Thomas in a Man and Music production. Would there be room for such programmes in the new market?

But none of that alters the fact that the results of their work in programme terms and viewer satisfaction have been remarkable. Last week Rupert Murdoch, whose Sky TV plans to start beaming four satellite chan-nels into Britain early next year, attacked the BBC and ITV for being "deeply elitist." He claimed that dis-satisfaction with existing television had been demonstrated by the way sales of video recorders had swept through Britain, faster than anywhere else. "It was bred out of frustration at the sort of programmes they (the viewers) were being force fed by exist-ing TV companies."

American and spends much of his time there) it seems that when video recorders finally began to sell, they were indeed used to provide an alternative to terrestrial television, notably in the form of rented movies. The British, on the other hand, have never taken to movie rentals in a big way: in 1985 fewer than 30 per cent of owners rented even one movie a week. The British are a nation of time-shifters. On Tuesdays they watch Eas-tEnders and tape Bless This House for

viewing later. On Wednesdays they watch Wogan and record Coronation Street, and so on. Whereas Americans are often fed-up with poor quality pics and over-fre from terrestrial television, the British, according to this evidence, are not only happy with their existing terres-trial television, they are actually using their VCRs to get more of it. Opinion polls reinforce this view: asked about the existing television service, between 70 and 80 per cent of viewers express themselves "satisfied" or "very satisfied" which scarcely suggests any passionate desire for change in the existing out-

That being so, and in view of the willingness expressed by the ITV com-panies to carry on with the peculiarly public service style of commercial television created in Britain the sensi-ble course would surely be to allow the present system to remain, while permitting the newcomers in satellite, or any other system, to compete for

The point is that we are not going to have any trouble in finding providers of quizzes, soap operas and game shows, but the prospect of anybody developing a new public service sys-tem — capable of giving us a mixed output including the South Bank Show, Jewel In The Crown, Viewpoint However, the evidence suggests output including the South Bank that this is the reverse of the truth. In America (and Mr Murdoch is now an 88 and Man And Music — once televi-

lusconi may resent the entrenched position of the ITV companies and would no doubt prefer them to be destroyed, allowing these new celes-tial media barons a much better run at the audience and, thereby, the advertisers. Nevertheless, the continuing presence of Granada and Thames and the rest will not deter these three from launching their new channels: the destruction of ITV is not a necessary pre-condition for the introduction of the new technology.

Yet there is little doubt that the auctioning of FTV licences will lead to the destruction of the present public service ethos in British commercial television, if not the actual destruc-tion of ITV. Auctions will ensure that audience maximisation will be cruauthence maximisation will be cru-cial, and protected enclaves of serious current affairs, high quality drama, and arts programmes will become a matter of history.

and most infuriating part of all this is that the move away. from the traditional ad mixture of public service content on ITV, and

Those hoping to run satellite systems tend to identify ITV as a cosy, and strongly ensconsed, duopoly

into a programme production system driven solely by market forces, is already occurring, even though the White Paper has not even been drafted yet, let alone become law. Determined to avoid extinction and to limit damage, the ITV companies are cutting back on high quality (expensive) programmes, moving rapidly to diversify their activities beyond broadcasting, and generally attempt-ing to pre-empt the effects of the Gov-

ernment's plans.
Shareholders may benefit. Murdoch, Maxwell and Berlusconi will almost certainly gain, whatever hap-pens. The advertising agencies may be slightly happier. But considered in terms of viewers and programmes, the outlook is increasingly dim.

Christopher Dunkley

July 29-Aug 4

### Sofia International Film Festival for children and young people

Follow the daily antics on the screen and in the bulletin of "Sophie" - caricaturist Niko-lai Todorov's button-eyed, buck-toothed festival talisman and that grin spreading across an impish face implied that all was well with the children's film today.

Listen, however, to Rolan Bykov, Chairman of the Soviet State Committee for the Chil-dren's Film, and the contrary message is loud and clear: "Due to a conspiracy of the talentless in the past, this is exactly where perestroika is needed the most - in the children's film.

The First Sofia International Film Festival for Children and Young People accomplished the no mean feat of program-ming 161 representative films from 35 countries. It owed its initial success to two other related factors – at the same time. Bulgaria hosted the Fourth International Children's "Banner of Peace" Assembly, an event drawing 800 children from 120 coun-tries, and a general assembly of the membership of the International Center of Films for Children and Youth (CIFEJ), based in Paris.

The sheer enormity of this trio of gatherings could be noted by the tight security whenever and wherever the lines of parallel activities merged.

Twice, first at the mammoth Lyudmilla Shivkova Palace of Culture for a gala concert and then at the residence of Premier Todor Shivkov for a reception, some 5,000 guests roosted in one place to commemorate the world as a global village. For the majority of the kids, at least, this provided a treat for a lifetime.

So far as the state of the art is concerned, however, today's children-and-youth film appears to be in the doldrums. In the West, according to some popular-cultural researchers, children's television, even educational television, has brought with it the curse of what is generally termed a "disappearing childhood." In

the East, counters Rolan Bykov, what the Soviet Union badly need is the luxury of just such a curse: an All-Children Television Channel for the double-purpose of both education and entertainment.

The weight of both arguments could be measured, to some extent, in a 300-page festival catalogue that offered enough factual information both to compare experiences and to spur argument during the daily press conferences.

Two premises, most partici-pants agreed, seemed particularly important before a discussion could begin at all: first, the children's film is a type rather than a genre (better, a type with all the usual genres), and second, the youth film necessarily includes themes about young people as well as screen-plays written specifically for

Indeed, the latter distinction was generously applied by the selection committee in admitting key entries from Hungary and the Soviet Union. Hungary, in particular, sent films previously awarded at major international festivals: Peter Gardos's Whooping Cough, about a Budapest family quar-antined during the 1956 Hungarian Uprising, and Gyula Gazdag's An Hungarian Fairy Tale, a quaint updating of Vittorio de Sica's Italian fable Miracle in Milan (1951).

The Soviet Union, too, didn't shirk, sending two critically recognised and hard-hitting perestroika films: Valeri Ogoro-dikov's The Burglar, about Leningrad's current pop-andpunk scene, and Alexander Pankratov's Farewell, Street Urchins, on street violence and black marketeering in Moscow in 1956. By the same token, a Bulgar-

ian "youth film" - viewed out-side of the festival in the film market - could easily have been included in the official programme: Rangel Vulchanov's Where Do We Go from

.. Ronald Holloway

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### **ARTS GUIDE**

THEATRE

THEATRE
London
Too Claver By Half (Old Vic). A
fixing Gogolian production by Richard Jones of Ostrovsky's Diary of
a Scoundrel in an old Rodney Ackland
version, with remarkable Expressionist designs by Richard Hudson and
a brilliant central performance by
newcomer Alex Jamings. Until
August 12. (622 7816, credit cand bookings 261 1821).
Cymboline, The Winter's Tale and
The Tempest (Cottosloo). Peter Hall's
National Theatre forewell productions
return to the Cottosloo for July before
opening at the Olivier Theatre in
August, Michael Bryant's teichy Prospero, Geraldine James's adventurous
imagen and Tony Haygarth's sweaty
Caliben are the pick of some uneven
patformances: (928 252; credit cands

erformances: (938 2252; credit cards

79 444).
The Grangeling (Lyttelion). National Theatre director-designate Richard Ryre phiches in with 20 capitle transposition of Middleton and Rowley

Byre pinches in with an exotic transposition of Middleton and Rowley
to a Goynesque 19th century Spanish
slave colony. Miranda Richardson
and the black De Flores of George
Harris play second fiddle to William
Dudley's designs. (828-2252; credit
cards 379-4444).
The Cosamon Persuit (Phoenix). Secoud London chance for flawed Simon
Gray councily shout Cambridge gradustes in love and publishing. Take-over
cast includes James Wilby and Partick
Barlow. (836-2294; credit cards 240
9651).
Easy Virtue (Garrick). Transfer of
King's Head revival of early Noel
Coward, some period but lesser vin-

King's Head revival of early Noel
Coward, some period but lesser vintage than Hey Faver, but worth seeing. (379 6107).
South Pacific (Primos of Wales). Average, traditional revival of the great
Rodgers and Hamperstein musical,
with Gemma Craven faling to wash
the besternel Emile Balcourt out of
her hair, (389 3869).
The Phanton of the Opera (Her Majosty's). Spectacular, enactionally nourtabing new musical by Andrew Lloyd
Webber. (389 2244; credit cambs 375
6131/240 7200).

Follies (Shafiesbury). Stumning revival, directed by Mike Ockrent, of Southeim's 1971 musical in which poisoned marriages nearly undermine an old buriesque reunion in a doomed theatre. (379 5399). Happood (Aldwych). New Tum Stoppard mixes espionage, romance and higher physics. Felicity Kendul is the eponymous intelligence agent, Rogar Rees and Nigal Hawthorns in elegant support, (838 6494; credit cards 379 6235).

Netherlands

Amsterdam, Stadischouwburg. The English-Speaking Theatre of Amsterdam continues its 10th amiversary summer season with two productions. James Saunders' Mext Time I'll Sing to You is centred around the Essex harmit Alexander James Mason (not Sun or Mon). Agnes of God, by John Pielmaiar, nivered by Bryce Pederson, has its second tryout on Wed; first night Thur. (24 28 11).

Cats (Winter Garden), Still a self-out, Trevor Num's production of T.S. Eliot's children's poetry set to music Eio's children's poetry set to music is visually starting and choreographically feline. (220 6262).

A Chorus Line (Shuhert). The longustruming musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than expotions. (230 6200).

are used as amiltions rather than emotions. (239 6200). Les Misérables (Broadway). Led by Coim Wilkinson, repeating his West End role as Jean Valjean, the magnificant spectacle of Victor Hugo's majeritic sweep of history and pathos brings to Broadway lessons in pageantry and drama. (238 6200). Startight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its US incarnation: the skaturs do not have to go round the whole theatre have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges

and American accessive to distract from the backneyed pop music and trumped-up, silly plot. (596 6510). He and My Ghir (Manquis). Even if the plot turns on troule mimicry of Pygmalion, this is no classic, with forgettable sough and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit. (947 0083). Washington

Wassensquors
The Search for Signs of Intelligent
Life in the Universe (Eisenhower).
Lify Tumin repeats her award winning solo performance of the cruzy
people who inhabit her furmy and
strange inagination. One major segment explores the women's novemen
over the past decade. Ends Ang 7.
(254 8579.

Cost 13870).
Les Miscrables (Kennedy Couter Opera House). The touring company of the intermetional hit of last season brings to Washington the historical sweep of Victor Hugo, set to music and an insistent contemporary beat. Ends Oct 15. (254 3770).

Pal Josep (Goodman). Set in Chicago in the 1940s, this Rodgers and Hart classic, directed by Robert Falls, follows in haunting melodies the escapades of a classic heel caugh between the one who loves him and the rich lady he wants. Ends Aug 7. (443 3960).

Tokyo

Tokyo
Comet Messenger: Singfried (Parthenon open air theatire, Tama).
Described as a "kinetic theatrical fantasy on the evolution of man and his dream of flight," this production by Japan's liveliest experimental group, Yame no Yuminaha, returns to Tokyo following penformances at the first New York International Festivel of the Arts. Based in part on Wagner's Ring cycle, the play features three sisters called Val, Ky and Rie – as wall as Gailleo, Tom Sawyer, Nostradanus, a coelocanth and God. A commentary in English, at the performances on Aug 1-3, is not likely

to make the plot any clearer! (496 to make the piot any clearer (wee 1951).
Takigi Noh (Flie Jinja). Japan's ancient and esoteric theatrical art form takes to the open air each summer, with special performances by torchlight in temple compounds that always attract large crowds. Two Noh plays and one comic interlude (cyogen) form the programme for this performance at a popular shrine in Akasaka. Thursday Only, (424 0017).

in Arasaka. Thursday only. (33 0017).
Yerma (Ginza Saison Theetra). Nuria Espert in Federico Garcia Lorca's poetic tragedy of a woman cursed by infertility. Victor Garcia's famous production, with its giant trampoline suggesting a womb, intele a huge impression more than a decade ago, but might now seem somewhat dated. However, Espert is undoubtedly one of the world's greatest actresses. (In Spanish). From Thur until August 11. (335 655).

Rabult (Kabukleza). The balanci these

11. (325 0555).

Kabuki (Kabuki-za). The kabuki theatre's greatest showman, Ichikawa Ennosuke, stars in a complete version of one of the most famous plays in the kabuki repertoire. Yoshitame Sembonzakura (The Thousand Charry Trees). The performance is in two parts, at 11am and 4pm, but the play is little more than a series of loosely linked episodes. Act VII features Ennosuke's portrayal of the fox, Tadanobu, with its magical quick changes, acrobatics, and a climactic flying exit. Ends July 27. (541 3131).

Onera-za no Katiin, better known

exit. Ends July 27. (54 hlai).

Opera-za no Kaijin, betizi known as The Phantom of the Opera (Nissei Theatre). Japan's leading musical company, Shirt, acquits fiself well in what is a virtual carbon copy of the London original. The Japanese translation is often awkward, but Andrew Lloyd-Webber's gift for musical pastiche, Harold Prince's romantically evocative singing and Maria Bjornson's Stumming sets and costumes make for an enjoyable evening. (503 311).

(503 311).
Les Misérables (imperial Theatre).
This stirring musical adaptation of Victor Hugo's povel of the Paris barricades has returned to Tokyo for another four-month run. (201 7777).

### **FINANCIAL TIMES**

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Wednesday August 3 1988

### The Ecu steps forward

IT IS always refreshing when Mrs Thatcher's Government does something positively European. So yesterday's announcement that the Treasury intends to borrow on the international capital markets by issuing bills denominated in European Currency Units

(Ecu) is welcome.

It is not, of course, the major step towards European monetary union that some would like. Nor is it a substitute for the full membership of the European Monetary System (EMS) which is required if Britain is to play its full part in the development of a single Community market. But the move will give credence to the Government's view that while others are debating an immediate and impracticable leap to full monetary integration, Britain is prepared to take pragmatic steps along the road to closer co-operation.

From the perspective of Mr Nigel Lawson, the Chancellor, the decision will also add substance to his claim that he has not given up on efforts to promote greater exchange rate stability through intervention in the markets. Borrowed Ecus will provide another weapon in the Bank of England's inter-vention armoury: one that, over time, will enhance its ability to influence sterling's exchange rate not just against the dollar or D-Mark but against all European currencies.

#### Embryonic

The European-wide appeal of the move lies in the fact that by issuing Treasury bills in Ecus, the Government will give a significant boost to the private market in the embryonic European currency. This has developed rapidly over the past few years, but it has lacked a high-class, easily tradeable short-term instrument. The tax provisions and technicalities governing the Ecu bills already sued by the Italian authorities have ensured that their appeal is limited to the domes-

tic Italian market. When it starts its monthly auctions in the autumn, the Bank of England can thus expect to find eager customers both among the many central banks already holding Ecus in national financial institutions and private investors.

### **Chilling words** from the UN not incurred more than mild

Nations. On the one hand its sincerity in seeking peace is called in question by its sud-den discovery, at the precise moment when Iran had at last accepted Security Council Resolution 598, that direct negotiations at foreign minister level are an indispensable precondi-

area of the conflict - UN explicitly than before, confirmed the "repeated utilisa-tion" of chemical weapons by Iraqi forces, and have found that "such use has become more intense and more frequent"; whereas Iraq's counter accusations against Iran have not been substantiated. It is thus more than ever clear that Iraq, having first resorted to the use of chemical weapons, in flagrant violation of international law, to contain an Iranian offensive in 1984, has been emboldened to do so again and again, on an increasing scale; and that these weapons have played a significant if not decisive role in the recent Iraqi victories, helping to break Iranian morale and so to determine the outcome of the war.

#### Kurdistan

sidered by the UN investigators whose remit was confined to Iraqi acts against Iran and vice versa, that the Iraqi regime has used chemical weapons on a large scale against its own citizens in Kur-distan, causing considerable loss of civilian life.

These are very chilling con-clusions because their lesson seems so unmistakeably to be that crime does pay. Iraq, which in 1984 appeared to be fighting for its very survival is now emerging as the victor, on points if not by a knockout. It has achieved this remarkable least in part by recourse to a type of weapon which is internationally outlawed, yet it has

The Bank's ready admission that one of the key aims is to ensure that London develops as the centre for Ecu trading is also likely to encourage other Community governments to follow its lead. It is hard, for example, to imagine the French government standing by while London grabs the bulk of business in Ecu government bills. Even the West Ger-man Bundesbank, which has so far refused to diversify its reserves, may eventually be persuaded that it should hold

#### Co-operation

The attraction of promoting the unit as a step towards eventual monetary union is that it will generate its own pressure in the financial marpressure in the imancial mar-kets for closer co-operation among governments. If the Ecu develops further as a credible and widely-used alternative store of value to national cur-rencies, then the markets themselves will eventually demand that it be given the same privileges afforded to those national currencies. That would represent the promotion of enhanced monetary co-operation from the bottom up rather than from the top down, a route that may prove more realistic than some of the more grandiose schemes now on

In addition, increased holdings of Ecus by central banks could eventually enhance the banks' ability to promote wider exchange rate stability against the dollar. Intervention in an active and liquid Ecu market would allow them to seek to influence the rates of all EMS currencies - and not just that of the D-Mark - against the

For the time being Britain can congratulate itself on being both a good European and on being relatively canny in stealing a march for London in the Ecu business. But Mrs Thatcher must not stop there. If pragmatism and realism have considerable attractions when contemplating full monetary union, the case for full British membership of the EMS is equally practical. A vibrant London market in Ecus as 1992 approaches will be no rate stability that British industry needs and wants.

Just as it was difficult for

THE IRAQI regime stands doubly exposed by the latest developments at the United verbal censure from the great powers or from the interna-tional community. In fact for most of the war's duration Iraq has enjoyed the support, moral and practical, explicit and tacit, of all the main powers. These have chosen to ignore not only Iraq's use of chemical weapons but also the fact that Iraq was the initiator both of tion for a ceasefire.
On the other - and a source the war as a whole and of the

aspect which most directly affected the international com-munity, namely the attacks on of even greater concern to the world outside the immediate neutral shipping in the Gulf. Original error the UN Security Council to repair its original error of failing immediately to condemn aggression and call for a withdrawal of the invading forces in 1980, so it is difficult for it now to repair its error of failing even to attempt any sanc-tions against Iraq for its use of chemical weapons. Iraq's vic-tory cannot be taken away from it, any more than the dead Iranian soldiers and Kurdish civilians can be

As if that were not enough there is also evidence, not con-

the previous year.

There should also be greater efforts to speed up agreement in Geneva on banning the production and stockpiling of chemical weapons worldwide. ironically the verification prob-lems which have made the US, in particular, reluctant to do this are much less acute for the kind of weapons that Iraq has used than for the more around in its fortunes at sophisticated ones which only Nato and Warsaw Pact countries are likely to be able to

the Gatt to its limit fter months of festering acri-

Stretching

mony over the tougher stance on dumping adopted by the EC since last year, the issue looks set to come to a head. Last month, Japan, which has borne the brunt of the EC restrictions, announced it was beginning procedures that could lead to a formal complaint to the General Agreement on plaint to the General Agreement on Tariffs and Trade (Gatt).

This move involves a proposal for bilateral talks in the Gatt as the first stage in a disputes procedure which will probably lead to the formation of an arbitration panel in the autumn. Senior Commission officials in Brussels say none of the measures used by the EC are inconsistent with the Gatt but critics warn that, at the very least, the community is stretch-ing existing rules.

In the process, continue the critics, precedents are being set that could have a bearing not only on EC trade policy in the run-up to the formation of the single market in 1992, but also on the broader Uruguay Round of multilateral trade negotiations which is now under way in Geneva.

Measures which have been taken by the EC Commission to tighten up its anti-dumping procedures include:

Pure economic theory suggests that the true losers in dumping cases are the companies which dump in the first place

 The imposition of duty on products assembled in Europe using compo-nents largely imported from Japan. Penalties against such "screwdriver" operations were imposed in April on electronic typewriters produced in Europe by Canon Bretagne, Kyushu Matsushita, Sharp and Silver Reed, as well as on electronic scales produced by TEC (UK). These are now the subby TEC (UK). These are now the sto-ject of Japanese protests to the Gatt.

• The initiation of a dumping enquiry against Hyundai Merchant Marine of Korea – accused of preda-tory pricing in what is believed to be the first anti-dumping action against a company in the services sector. A decision earlier last month to impose additional penalties on companies which, having been accused of dumping, do not pass on the duties imposed to their end customers.

contrary to con EC anti-dumping actions under the new policy have not increased. As the chart shows, the number of investigations in progress fell steadily to 62 last year from 82 in 1984, but the number of cases in which provisional duties have been imposed rose to 13 in 1987 from 11 in 1984.

These have attracted attention because they frequently involve large volumes of business. The latest EC action against Japanese photocopiers covered trade worth \$1bn (£588m), that against computer printers \$1.3bn. Moreover, they highlight ambiguities

some argue, is ill-adapted to the rapid changes of present-day commerce.

changes of present-day commerce.

The Gatt code allows anti-dumping duties to be imposed when a product is being sold at less than the comparable price in the exporting country or at less than the cost of production plus reasonable selling costs and profit. The importing country has to prove that the pricing of the product is causing or threatening to cause material injury to its own producers.

The code is open to interpretation, however, in its prescription of the methods which can be used to prove methods which can be used to prove

that dumping exists.

It also has little or nothing to say about three contemporary phenomena: the impact of volatile exchange rates on relative prices between one country and another, the short cycle of high-technology products which causes prices to fall rapidly as new, more sophisticated, goods start to come on to the market, and the rapid growth of investment flows which have made it easier for companies to avoid the risk of dumping charges by establishing assembly plants inside the markets with which they trade.

It is on this last point that the dis-agreement between Japan and the EC has been most bitter. The EC claims that its action against the "screw-driver" plants is simply designed to catch attempts by Japanese compa-nies to circumvent dumping duties by

importing components to Europe and then finishing the products. Such action is confined to cases Such action is confined to cases where a positive finding of dumping has already been reached for the finished product. Local assembly must have started or increased since the duty was imposed, and more than 60 per cent of the parts must be imported from the offending country. The EC says it is allowed by the Gatt to take such action to prevent circumvention of anti-dumping actions, but Janan argues that the

actions, but Japan argues that the effect has been to impose dumping duties on components without any investigation as to whether or not they have been dumped.

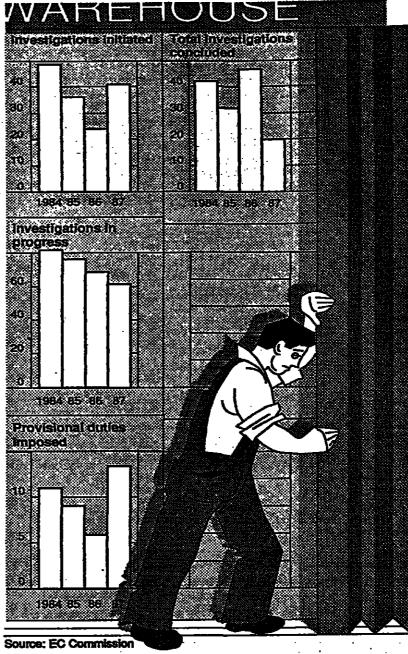
Moreover, the EC has now imposed

a unilateral minimum 40 per cent requirement for non-Japanese con-tent. "We don't argue against regula-tions to prevent circumvention of anti-dumping procedures. We are arguing that this regulation went too far," says Mr Katsuo Selki, Director of. the West Europe Trade Division of Japan's Ministry of International Trade and Industry (Miti). He adds that it is not unreasonable for Europe to insist that a local content of 10 to 15 per cent is too low, but he believes a 40 per cent requirement is too high. All this assumes, however, that dumping has taken place. EC officials are convinced that it has. "Anybody who says that Japanese companies have not been dumping in the EC is talking nonsense," says one senior official, pointing to the wide 86 per cent dumping margin found against

Fujitsu's computer printers in May. Others are not so sure. Dr Brian Hindley of the London School of Ecogo to considerable lengths to ensure

EC anti-dumping actions

Peter Montagnon and David Buchan examine the EC's dumping policy



nomics, an expert on dumping, says "the way the EC calculates dumping margins for Japanese producers can produce results that, as an economist, would be very sceptical about."

The selling price of an individual product is not necessarily uniform, he believes, and situations can arise where the same product is sold abroad at prices that are both higher and lower than the domestic price. But the EC refuses to average out these prices, and counts any example of undercutting as incriminating evidence, thus tilting in favour of a positive finding of dumping.

Meanwhile, Miti insisted last week

that the EC had failed to come up . of Japanese electronic typewriters and other products had damaged European manufacturers.

Japanese industry complains that in seeking to establish injury in the case of computer printers, the EC Commission was not comparing like with like. European companies produce printers for the upper end of the market, Japan for the lower end and comparing the two is "like comparing a Rolls-Royce with a Fiat Uno", according to Japanese businessmen. EC Commission officials say they that like is being compared with like in dumping inquiries, but there is clearly room for different interpretations which could argue for a closer look at the Gatt anti-dumping code in the course of the Uruguay Round. In any case, the EC has been caught in a different way by the code. It has no provision for exchange rate valua-tions which has made it hard for

Europe to pursue cases against South Korean manufacturers of video-cas-sette recorders and tapes, televisions, artificial fibres, chemicals and microwave ovens. Officials claim that the undervaluation of the Korean won. possibly by as much as 30 per cent, has made it hard to prove dumping. aggressive stance adopted by the EC

aggressive stance anopies by the ho an unexpected way. Though officials have long countered that action, par-ticularly against "screwdriver" plants, was likely to reduce investment flows from Japan to Europe, such spending has in fact increased markedly. Last year, according to figures com-

piled by the Ministry of Finance in Tokyo, investment by Japanese com-panies in Europe jumped to \$6.78bn from \$3.47bn, an increase of nearly 90 per cent compared with 50 per cent for the rest of the world. At long last

too, European officials say, more of this investment is going into manu-facturing facilities instead of sales and distribution companies, and the

financial sector.

Luxembourg still attracts a lot of Luxembourg still attracts a lot of Japanese money – it was the second largest recipient of investment flows in Europe last year with \$1.750n – most of which is thought to have been used to capitalise Japanese banks in the Grand Duchy. Eisewhere, however, European officials who have long contended that the only real Japanese investors in European manufacanese investors in European manufac-turing, rather than assembly, were Sony with its television plants and Nissan with its British car plant in Washington, County Durham, say that other companies are now beginning to develop a genuine manufacturing base in Europe.

For the international trading com-

For the international trading community, however, the question remains as to whether such gains were worth what some describe as the bully-boy tactics employed by the EC. Pure economic theory suggests that the true losers in dumping cases are companies which dump their products in the first place. They have to hear the losses of selling below cost while consumers gain in terms of lower prices. But supporters of anti-dumping actions claim this is a short-sighted argument.

ing actions claim this is a shortsighted argument.

Unless dumping is stopped at an
early stage, whole industries risk
being priced out of their markets. The
original dumper can carve out a
monopoly and then raise prices, say
those in favour of anti-dumping
actions, so that consumers who
gained initially end up bearing a
heavy price. heavy price.
For the LSE's Dr Hindley this argu-

ment is implausible. He says there is little or no evidence that dumping has ever had this outcome, but EC officials counter that a number of European producers of photocopiers like Agfa-Gevaert, Kalle and Gestetner have been squeezed by cheap Japanese imports and now themselves import the product from Japan.
Feelings are likely to run high on

this point for years to come, but meanwhile, trade experts say there are two practical words which flow from the EC's more aggressive policy.

The first is that a decision by Japanese companies to produce components within Europe may end up putting pressure on indigenous manufacturers. Mr Takeo Matsumura, a senior executive of Matsushita Ricctric Industrial which has carefully integrated its European VCR operations with Grundig and Robert Bosch, says stricter dumping rules may have increased the investment flow but will not do much for European component makers. The proble may change from being a purely trade-related one, to one principally

about investment Second, there is a growing fear that Europe's tougher stance may increase the pressure on Europe's trading part-ners to conclude voluntary export restraint arrangements in certain products, adding to the strain on the world trading system from such bilat-eral agreements. This would follow the pattern set by the US's controver-Japan which was struck after Washington threatened action under its unfair trade laws.

A concerted effort to revise the Gatt's anti-dumping code would reduce this risk if it resulted in new and fairer rules, but trade diplomats in Geneva say that such an outcome is unlikely as part of the Uruguay Round. The US, EC, Canada and Australia are the four trading powers which act against dumping most frequently. Two of them — the US and the EC — also happen to be leading players in the round itself.

### PM in sex change row

Given the historically uneasy relationship between Downing Street and the FO, it is rare to find a King Charles Street spokesperson clarifying a state-ment made by Mrs Thatcher. But in Alice Springs yesterday, the Prime Minister seems to have got it wrong: and more importantly on a subject dear to the heart of many Britons. Appearing as a guest on Australia's School of the Air, Mrs Thatcher was asked if she had any pets. Yes, she said, there was one, a cat called Tabby. With a marked softening of the familiar Thatcher style, she explained how two-year-old Tabby had turned up at Che-quers as a stray but had been welcomed into the bosom of the family. Now, as a result of good feeding, she had a lovely coat, and was a nice, friendly animal, although somewhat reticent about peo-

Yet somehow other potential users of chemical weapons The popular press, also feelhave to be convinced that they ing rather stray and unfed in terms of news, sniffed copy. cannot do so with impunity. A declaration that in future proven use of chemical weap-ons will automatically trigger a general embargo on supplies of both arms and civilian chemi-Here, at last, was a worthy successor to Wilberforce, the famous mouser who served five Prime Ministers at Downing Street. Denis Thatcher, tackled later on the RAF VC-10 cals to the offender might be helpful and would perhaps gain some credibility if the Security Council now puts en route to Canberra, asserted, however, that Tabby was a Ever anxious to get its sex-

more effective pressure on baq to accept a ceasefire and observe all the clauses of Reso-lution 598 than it did on Iran in ual facts right, the tabloids sought urgent clarification. It was provided with an-on-the-record statement by the Foreign Office man. Tabby was,in fact, female, although her name was not Tabby. She answered to the name of Kitty. Perhaps for someone some-where on the Tory back benches the story will strike a vague chord.

> Loss of Weights ■ Do not be surprised to see an outbreak of gymn shoes on corporate umbrella stands

### *Observer*

around the Square Mile in the coming months. No, it won't be because chairmen have started jogging to lunch appointments. The explanation is a more sedentary, high tech form of exercise which is the City's latest import from the

It is being purveyed by the Health and Tennis Corporation of America, whose first fitness centre in the UK was opened yesterday at the Barbican by Princess Diana. For a mere £800 joining fee plus £30 per month the tired executive may mortify the flesh on a range of ingenious machines The centre explains for

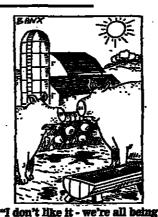
example that modern weight lifting machines should have no weights. A visible stack of ironware might cause the chairman with a weak biceps to lose face before beefier sub-

American engineers have therefore developed hydraulic exercise machines whose "weight" can be adjusted with a discreet fingertip control by the victim himself. Nobody need know how much - or little - he is pushing. In the bar, though, the chasened executive may undo all the previous good by watching a Reuters Monitor Screen

perched above the bottles. After dinner Ray Morgan, who sold his media independent, RMP, to Saatchi & Saatchi this week for £2.4m-plus, is still rather

bemused by the changes that a dinner party chat brought

three years ago. In 1985, he was media direc-tor of Benton and Bowles, the advertising agency, where he had worked happily for 28 years, buying advertising space on television and in the press. Then B and B was taken over by the US agency, D'Arcy McManus Masius. After a



period of uncertainty and frus-tration Morgan found himself round the dinner table at his Kensington home with his immediate deputies, Derrick Southon, Mike de Vere, and Christine Walker, where they decided to set up their own Three years ago this week

the partners opened their doors
- with former B and B clients queuing up to give them more than £20m billings.That has now grown to £70m

### Reverse roles

■ One of the more bizarre tional diplomacy is on display in this week's UN talks on a Gulf ceasefire. In one corner is Iran's Foreign Minister Ali Akbar Velayati, striking out for the moral high ground after a year of international oppro-brium over his country's refusal to accept Security Council resolution 598.
In the other skulks Tariq

Aziz of Iraq, once applaude for accepting a ceasefire in principle, now in the doghouse over Irag's use of chemical weapons and its stalling tac-

The Iranians are handling

sun with considerable panache. Velayati has turned against iraq the exact arguments used on him for the last 12 months. branding the regime uncivilised and accusing it of defying the international community.

Velavati and Aziz, neverthe less, have a surprising amount in common: they are both highly intelligent (not to say devious), slightly out of character with their governments and great survivors. Aziz, the urbane, cigar-chomping diplomat, has long been one of the insiders close to President Saddam Hussein, and as first deputy prime minister is the most prominent Christian in a Sunni Moslem-dominated regime.

Velayati is the only Western-educated figure in the upper echelons of the Iranian Government, with a degree in medicine from Tehran University before qualifying in the US as a paediatrician Elected to the Majlia (Tran's parliament) soon after the rev-olution, he became Foreign Minister in 1981 at the age of 36. His pragmatic policies of trying to build relations with Western countries have not always enjoyed favour within the regime, Today, however, Velayati is back in the saddle, and evidently enjoying every minute of it.

### Rice move

■ Commercial Union, one of the biggest of the composite insurers, can hardly avoid the irony of its appointment of one of its sternest former critics, Peter Rice, as corporate finance and planning manager. Rice, an Ulster born actuary,

was London's most respected stockbroking insurance analyst until he left County NatWest WoodMac recently. It was there seven years ago that he began sounding the alarm about CU's ill-fated dash for growth in the US. His strongly disputed claim that its reserves were too scanty was vindicated when the company suffered dreadful losses in 1994.

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David Marsh interviews the head of West Germany's counter-intelligence service

# An open door Was the stood with \$1.50 but the broad with the best the broad with the broad wi

the many can Mis, the foreign arm of the Da interac-ing states gence services. Britain's Parliament has been debating a recent government white Paper that would shroud the security service in even greater secrecy. In the Federal Republic, as a reaction applied that a reaction applied to the crimes of the Third Reich, the intelligence services set up by the post-war state are discreet, but open topost-war state are discreet, but upon the tobar post-war state are discreet, but upon the post and scrutiny. In fact, they insist on it.

After a long career in the police for the police

After a long career in the police force, anti-dum anti-terrorism and counter-espionage agency in April last year. Set up in 1950; the BiV's name literally means "Office in the set of the Protection of the Constitution". Its task is to collect information on forthe start is the start in the s

the dumping is organisations, above all the German regarded organisations. The figures are given annually in public reports, nearly given annually in public reports, nearly and Gestein given annually in public reports, and the file in the law always accompanied by self-congratulathemselve themselve Minister that democracy during the year in question "remained stable".

Mr Boeden wants to be thought of

to come by more as a kindly uncle rather than big more as a kindly uncle rather than big brother. He says it is "terribly important" that his agency; which employs Mr Boeden wants to be thought of tant" that his agency; which supposes about 2,300 people and comes under the particular to the purisdiction of the Interior Ministry, should have "a human face". Indeed, and up a his job is partly one of public relations He needs to convince West Germans mindful of the Nazis' misuse of power And stability for that the BIV is not, as he says, full of "shady characters in slouch-hats and dark glasses who want to keep everyand hele one under control".

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Against this unique German background, the BIV's work is becoming more challenging and complicated.

East-West detente and the much greater

The Britain, Mr Gerhard Boeden receding threat to the Federal Republic caused by the manifest ebbing of the ply not exist. The stocky, 63-year-old head of West Germany's counting the plant of the Bundesant fuer Verlassungsschutz (BfV), is, however, alive and well and can be interviewed in his well-protected office building in Cologne.

Mr Boeden is in charge of the West German equivalent to Britain's Mis, which is wrapped in official secrecy like the plant of the UK intelligence agency arm of the UK intelligence agency agency

cal forces — either from the right or the left — could try to abolish parliamentary democracy," he says.

The BfV is answerable to a Parliamentary Control Commission to check sensitive cases and operations. A special committee of the Bundestag has to approve interception of mail and tele-phone tapping since this contravenes Article 10 of the Basic Law.

There are two other arms of the intelligence service. The foreign arm is the Bundesnachrichtendienst (BND) or Federal Intelligence Service, run by Mr Hans Georg Wieck, a high-powered dip-lomat. The Militaerischer Abschirmdienst (MAD) or Military Intelligence Service is responsible for security within the armed forces. None of the

The BfV even puts out a brochure, carefully translated into English, on the basic tenets of its operations

three have police powers. BfV officials cannot arrest or interrogate suspects or search premises, but instead have to hand over these matters to the federal police or public prosecutor.

The BIV even puts out a brochure, carefully translated into English, on the basic tenets of its operations. Under "intelligence methods", it informs readers that these include: "The infiltration or recruitment and handling of agents in extremist or terrorist organisations; the surveillance of suspects; secret photography; interception of post and tele-communications; other measures to conceal certain BfV operational activity by the use of non-attributable vehicle registration numbers or identity cards

with cover names."

It is hard to imagine MI5 being so helpful, even if the Official Secrets Act was abolished.

Mr Boeden talks with almost exaggerated politeness about the people he is up against. Most esplonage in West Gerpunch flow of East Europeans travelling to up against. Most esplonage in West German way is carried out by the East German ties for East bloc spying. At the same limits for East bloc spying. At the same limits for East bloc spying against. Most esplonage in West German many is carried out by the East German Ministry for State Security. Not surprisingly, Mr Boeden has never met Mr



Erich Mielke, the legendary 80-year-old East German Minister for State Secutity, who has been East Berlin's chief

spymaster for more than 30 years. "I know him very well," says Mr Boe-"and I imagine he knows me too. This has always been my method, also as a police officer - to try to find out who my opponent is. This is necessary in order to understand and evaluate him better."

Perhaps as many as 3,000 eastern "agents" of various kinds may be oper-ating on West German soil. This would range from professional spies to a much larger number of small-fry "collectors" of information. "Eastern services, in our experience, in times of detente have want to know more, and they want to know it early," says Mr Boeden.

Additionally, opportunities for spying tend to increase at a time of political thaw. This year, about 150,000 German-national amigris from the Soviet Union

national emigrés from the Soviet Union and eastern Europe are expected to settle in West Germany. Although the Bonn government welcomes the sharp increase in arrivals, the emigré stream also provides a golden opportunity for the East bloc to bring in sples.

"We have a system, although it is not perfect, for registering when emigres have been approached and asked about procuring information," says Mr Boeden. "The numbers have been growing. We cannot and do not want to say that each German-origin emigré is suspect. The people who come to us are German by constitutional right. This gives us a special problem compared with other western counter-intelligence

services." Although he says that not too much meaning should be attached to the increase, 34 people were arrested in West Germany up to mid-July on suspi-cion of spying. This is the same number as in the whole of last year.

The most spectacular coup this year

March on suspicion of working for the KGB. Charges have yet to be preferred. The first court case comes up later this month. Several of the suspects are Soviet emigres who had settled in the Rederal Republic.

Federal Republic.

The spate of arrests has helped underpin the BIV's claim that it has succeeded in making good damage done by the defection to East Germany in 1965 of one of its top spy-hunters, Mr Hans-Joachim Tiedge. Mr Tiedge fled after the BfV failed to help him sort out his drink and debt problems. Mr Boeden says he has introduced a system under which any employee in similar personal difficulties can come in and talk things over. He sees about three people a week on this basis. "It is inevitable that in an institution like ours, employees can have problems," he says.

The KGB clamp-down in March came a week after the BfV was reminded of another constant preoccupation, with the arrest in Bonn of Ms Elke Falk, a 43-year-old secretary working for the Development Ministry. Ms Falk is alleged to have passed on information from her jobs in various government offices to a "romeo" East German agent with whom she fell in love. About a dozen "secretary affairs" have come to light in the past 10 years, confirming Mr Mielke's passion for setting loose his agents on single, middle-aged Bonn

Mr Boeden says these cases are "tragic". He uses the Falk affair to underline a security point. He says it confirms the need for a new vetting system introduced this summer which allows the intelligence services to investigate the personal friendships of government workers.

"If it had been possible to investigate Fran Falk's man-friend, we would have established that he had a false identity. At the beginning of the affair, that would have saved Frau Falk a lot of was the detention of seven men in pain - and the state a lot of damage."

The long-term unemployed

### How business can tap the wasted potential

By Richard Jackman

THE greatest social evil of our time is long-term unemploy-ment. Yet it could be cured at little or no cost to the zovernment.

For long-term unemployment is itself immensely costly. When a person has been memployed for more than two years the chance that he will leave unemployment in the next three months is only 10 per cent. So, if nothing is done, he is likely to remain unemployed for another two and a half years. During that period he will collect something like £9,000 in benefits. He will also pay no direct taxes. So the gain to the Exchequer

if he were re-employed now rather than running his natu-ral course of unemployment is some £17,000. It follows that the government should be willing to pay generously in order to get him re-employed. It would be an excellent investment from the government's point of view, from the tax payer's point of view and from the point of view of the unem-ployed person himself.

Of course, not every such investment would succeed - some of those who become reemployed may become unemployed again quite quickly. But there is good evidence that the net cost to the taxpayer is quite small if a government seeks to abolish long-term unemployment. Sweden has virtually no one who has been unemployed for more than two years. It spends 2 per cent of its national income on employment and training measures for the unemployed, compared with % per cent in Britain. But, when you add in benefit payments, the Swedes spend less than the British.

They have eliminated very long-term unemployment by offering a job guarantee to everyone who has been out of work for over a year. Given the British level of unemployment we should start with the 725,000 people who have been unemployed for more than two years. How could such a guarantee be delivered? First, we should stop dismantling the Community Programme, and second, we should introduce a new Compact with private

The evidence is that people

who join the Community Programme are two or three times as likely to find regular work after the programme than similar people who did not join the programme. So the scheme has long-run effects on employment. In addition, a huge capacity to provide useful jobs has been developed in the "unemployment industry", and many social needs have been served in that way. Old people have been helped, buildings refurbished and made secure, and so on. As most of the 250,000 places in Community Programme are dismantled over the next year, the gaps in services will become apparent, and a host of dedicated workers for the unemployed will become dispersed. It is time to act now to prevent this trag-

But the Community Programme does need redirecting. Up to now it has mainly served

It is absolutely natural for an employer to be sceptical about someone who has been out of work for more than two years

the under 25s because the pay was too low to attract adults. The new scheme would have to ensure that any individual could receive a significant margin above benefits. But everyone should be paid the hourly rate for the job, with hours adjusted to provide the required total income.

Second, the Compact. Above all we want to get the unem-ployed into real jobs. Thus we must persuade private business to recognise the genuine competences of the long-term unemployed. It is absolutely natural for an employer to be sceptical about someone who has been been out of work for more than two years: there is a risk in hiring such a person and in any case some element of training is probably needed. So employers will need some financial inducement.

The time has come for a Compact whereby employers undertake to employ certain numbers of long-term unemployed people in return for a suitable financial package. This would be the counterpart of the compacts already being made in respect of young peo-ple. But it recognises that, though youth unemployment is easing rapidly as the number of young people falls, long-term unemployment is stubbornly resistant and cannot be cured without a new willingness of employers to look at such peo-

An overall programme of some 250,000 places would be needed at a gross cost of say £1 bn. Unfortunately this "counts" as the public expendi-ture of the Department of Employment. But only the nar-rowest kind of book-keeping would fail to set against it the likely savings in benefit expenditure by the DHSS - which could be of almost equal mag-nitude, once the effects of the

scheme had built up.
What possible objections are there to the idea? It is always quite proper to ask, "Will the scheme not be inflationary?" The answer is No. For a pool of long-term unemployed does nothing to restrain inflation. This is found repeatedly in econometric wage equations, and commonsense suggests that people who are so unlikely to find work can be doing little to alleviate the inflationary build-up of job vacancies. Thus reducing long-term unemploy-ment does not tighten the labour market or lead to any danger of overheating.

Indeed, quite the contrary, it will be difficult to ensure continued high growth without inflation unless we can secure a growth in the effective supply of labour.

The population of working age, which grew quite rapidly until last year, will now be growing less fast. We desperately need to find new supplies of workers, whose additional output will generate the wealth on which our future as consumers depends. A key source of additional labour is the untapped and wasted potential

of the long-term unemployed.

The author is Reader in Economics at the London School of Economics and Political Science

### LETTERS

### Residence rules

Sir, In his comments (July 29) on the consultative docuthe present residence rules and the scope of UK taxation for individuals, Richard Waters
makes a surprising compari-

> He suggests that the pro-posal to determine the UK tax liability of certain residents on a percentage of world-wide income and gains would introduce into our tax law a variant of the unitary tax system used by some US states to tax

> foreign corporations."
>
> That is not correct. As Mr Waters recognises, ministers have consistently opposed the unitary method of taxation: this is a means of determining the liabilities in commencions. the liability on income arising in a particular country by reference to a formula involving,

From the Chairman, Inland interalia, world income.

The proposals in the consul-tative document are quite different. They do not suggest determining the liability of a UK resident on his or her UK income on a unitary basis. The particular approach to which Mr Waters refers is simply one possible way of progressively bringing within UK tax the overseas income of certain residents according to the period of their residence in this coun-

become liable on their world-wide income and gains like any other long-term resident, and would be charged on a similar basis. They would not be charged by reference to some unitary type formula. A.M.W. Battishill, The Board Room

Uncertainty diminished

From Mr D.S. Tulion. Sir, "Uncertainties of tax avoidance" (July 25) is an excellent and cool summary. The law on the subject is indeed far from resolved; a fact foreshadowed by Lord Scarman's indication, in *Furniss v* Dawson, that that case was but the beginning of a long series to define acceptable and non-acceptable tax avoidance.

One can only hope that he was wrong, and that we have not far to travel. At the same time we must hope that the pendulum will not swing back as far as Lord Templeman Eventually, they would clearly hoped. His interventions in a series of tax-avoid-ance cases have marked the high tide of Inland Revenue dominance of judicial thinking. That tide has ebbed, but it is unlikely that the tax bar is "cavorting" as Justinian, your legal correspondent, seems to think. In particular, Justinian

overlooks the fact that the executive (Inland Revenue) always has the initiative where there is uncertainty as to the law. If the law is not explicit, it has the power to try to make the taxpayer prove the negative: that he does not come within the law. The taxpayer has to spend his or her own money to prove the point; the civil servant is spending someone else's. That is why it is necessary for the burden of proof to shift back to the

Lord Templeman must be right to assume that the line cannot be drawn on the narrow majority in Craven v White. But at least advice and actions taken now will not be related to one particular set of circumstances in the future in order to show that everything

was "pre-ordained". D.S. Tallon, 1 Serjeant's Inn, EC4

#### EC imposes a selective tariff

From Mr Ian Livingstone. Sir, Kenneth Gooding's oth-erwise excellent article (July 29) makes a statement about "...the growing need for imports of primary aluminium, which come from low cost areas such as Venezuela, Can-ada, Bahrain and Dubai". I think you will find, in fact, that imports of primary aluminium into Europe from Bah-

rain and Dubai are negligible. This is principally because of the 6 per cent tariff imposed by the European Community (EC) on imports of primary classics on imports of primary aluminium from certain countries (including the Gulf States) but not from others. The EC is the only major economic system in the world which imposes a discriminatory duty on primary

This company, in cooperation with our friends in Bah-rain, is actively working in Brussels and elsewhere to have the duty removed or reduced. We hope that the recently conchided agreement for co-operation between the Gulf Co-oper-ation Council (GCC) and the EC may provide a framework for progress in this respect. The present situation may be

thought by some to be in the short-term interest of the European primary producers, but we believe it is a bad example by Europe to the world - and it is certainly not in the interests of European aluminium Ian D. Livingstone, Dubai Aluminium,

United Arab Emirates

### Dumping is a real danger

From Mr J.R. Wilson, Mr Ian MacArthur and Mr J.P. Harri-

Sir, The views on dumping expressed by Jan Trimmer of Phillips (July 25) give an incomplete picture of what dumping really is and how industry can attack it.

It is true that dumping is constituted by exporting goods below the price at which the exporter sells on his home market. However, in order to take remedial action, there has to be material injury (or imminent threat of it) to the indus-

try in the importing country. While it may appear obvious that the price of the imported product must be causing damage to the industry in question, this can be very difficult to prove. It is less of a problem in few large companies involved in the manufacture of fairly adard, easily definable products, and where, therefore, damage to one or more compa nies would be clearly visible.

In the case of textiles and clothing, where there are thou-sands of companies of varying size, producing wide ranges of products (many of which will be short-lived because of par-Heular fashions or styles) it is almost impossible to prove damage. It may even be impossible to gather sufficient evidence of the domestic price of the goods in question, because often they will not be sold. domestically in the country of

manufacture. This difficulty is compounded by currency exchange rates, particularly with the state trading countries. That is why we have advocated that, under the current round of GATT multilateral trade negotiations, the present anti-dumping code should be amended in

First, there should be a shift in the burden of proof so that the importing country would only have to show a prima face case of dumping, which the exporting country would then have to rebut. Once a prima face case had been established, a provisional duty would be applied. Second, HM Customs and

Excise should be empowered to: alert interested parties to the arrival of suspect goods. Indus-tries could indicate to their customs authorities what prices would be suspect. This system would have the added advantage of helping to identify "secondary dumping" ~ the manufacture of products using dumped components— which is not presently dealt with. We strongly believe it

The creation of the single European market will make all industries more vulnerable to such practices as dumping. It is imperative that EC negotiators at the GATT Round seize the nettle, and strive for the effective reform of the anticomping code.

J.R. Wilson British Clothing Industry Association

Ian MacArthur British Textile Confederation, J.P. Harrison. **Enitting Industries Federation** British Apparel Centre, 7 Swallow Place

### THE FT MAY BE A SHADE PINKER TODAY

While we wouldn't deliberately want to embarrass the Financial Times, a recent advertisement by Pearson, their owners, deserves a little more than "no comment."

There the sales margin is less than 2 to 1 in favour of the FT. And falling.

In the past year, Journal/Europe circulation has grown 12%, whilst the FTs

	CIRCULATION SALES RATIO**
	WSJ:FT
Europe (Ex. UK)	1:18
UK	1:18
US	100:1
Asia	11:1
Worldwide	7:1

Sources: \* Jan-Jun 88 vs Jul-Dec 87 ABC \*\* Latest available data at time of going to press

We were surprised by the claim that it "outsells The Wall Street Journal by 8 to 1 in Europe."

We've checked, and even if you include its "home territory" - the UK, we couldn't calculate a margin close to that.

Which makes it even more surprising because one doesn't expect such arithmetical inaccuracy from a business paper. Of course, as the national business

publication of the UK, it's hardly surprising the FT outsells The Journal/ Europe there. Just as in the US, sales of The Journal vastly exceed those of the FT

For a more revealing profile of European penetration, simply subtract the UK and look directly at the Continent.

Frankfurt edition sales have declined.\*

Having set the record straight we would like to emphasize, however, that we are not out to compete on numbers.

Our interests lie mainly in quality rather than quantity.

We aim to provide the highest quality business paper for the highest quality readership.

Our subscriber studies show how we are succeeding. Our average subscriber's household income is \$229,000 per annum. 71% are top management. Need we go on?

(The FT has no comparable figures for its own buyers.)

Thanks to our rapid acceptance in Europe, one could say we're pretty much in the pink ourselves.

THE WALL STREET JOURNAL.

### **FINANCIAL TIMES**

Wednesday August 3 1988



### S.African exports rise sharply

A GROUP of six countries, headed by Japan, have sharply increased their annual imports from South Africa in recent years, undermining the impact of economic sanctions imposed by the US and others.

In all, the six countries - Ja-pan, Taiwan, West Germany, Italy, Spain and Turkey - last year imported \$1.76bn more South African goods than their average South African imports during the 1983-85 period.

Britain's trade with South
Africa has fallen in recent
years, due principally to the
transfer of the bulk of the dia-

The figures are contained in a confidential interim report on the impact of South African sanctions, commissioned by the Commonwealth Foreign Ministers Committee at its

N HIS novel Children of

the Arbat, published in the Soviet Union a year ago, Anatoly Rybakov paints a pic-

ture of a bohemian, working-class district of central

Moscow during the Stalin era.

He describes the struggles of a group of young people against a pitiless political sys-

tem, driven by a venerated and

endlessly suspicious despot.
Today, the Arbat is a chic area of galleries and flats for the "in" crowd, and it has new

children. One of them is Mr

Vladimir Alexeyevich Sorokin.

He was born in 1955, a year before Nikita Khruschev

denounced Stalin in a closed

session of the Communist

trained as a mathematician.

but was drawn towards the

arts, working for a year or two

with a touring puppet theatre

the "Great Patriotic War"

wanted more. Mr Mikhail Gorbachev, impa-

up on their own in co-opera-

tives. So on October 1 last

This new child of the Arbat

floats on a sea which, if not as

rough, puzzling and uncharted.

an opportunity to laud them:

Draft legislation which

would have imposed punitive

taxes on co-ops (up to 90 per

cent) has been suspended after wrote.

against the Nazis.

His parents were doctors: he

Party central committee.

mond trade from London to

inaugural meeting in Lusaka in February. The committee, meeting this time in Toronto, was set up by Commonwealth heads of government at last year's meeting in Vancouver to provide guidance and impetus in furthering Commonwealth objectives on

South Africa. It comprises the foreign ministers of Australia, Canada, Guyana, India, Nigeria, Tanzania, Zambia and opposed the wider, tighter and more intensified application of sanctions in Vancouver - is

According to the report, Japan's imports from South Africa were last year up by \$748m or 44 per cent from their 1983-85 average. Imports by Taiwan and West Germany increased by about \$300m from 1983-85 levels, while Italy,

Taking the rocky capitalist road

Gorbachev: "without him there would be no co-operative

movement....co-ops don't always enjoy a good press"

being told to enrich the econ-

omy by enriching themselves.

goods and services worth

R12.8m (\$20.27m). By the first

So what's the problem?

Vladimir Alexeyevich gri-

get willing workers, but often their work is not very good.

Worse, he cannot get people to

And, like all Soviet citizens

mist, attacked the co-ops, and

increase in production or improved quality of produc-tion"-should be opposed, she

before taking up sculpture and spending eight years carving city Soviet, 300 co-operatives in monuments to commemorate the capital last year turned out

But, in his early thirties, he six months of this year, the anted more.

Mr Mikhail Gorbachev, impa-tient to free up a clogged econ-omy, was exhorting people to are now over 40,000 co-ops in

year, Vladimir Alexeyevich maces: there are many. He can

dangerous as that of his ficmanage: nobody has been tional forefathers, is still trained to do that.

He is, in effect, an entrepre- who try something new, he has

sailing. A state law on co-oper-Gorbachev is wonderful "with-atives came into force in July, out him there would be no co-

designed, the preamble says, to operative movement: all hopes reveal the immense potential for improvement in this country are connected with him"-

and . . . create the conditions but co-ops do not always enjoy

for involving extensive sections of the population in co-

much of his speech to the cen-tral committee plenum last Fri-day was devoted to the impor-Any reform which deprived

tance of leasing land, buildings workers of ownership of their

and equipment to the fledgling country's riches even if the result of such a reform is an

objections from economists and others. Explicitly and is the fact that co-ops are entimplicitly, co-op members are tied to employ contract labour.

peratives." Socialist Industry, Ms Tatyana Mr Gorbachev rarely loses Subbotina, a Moscow econo-

eur. a deep fear that the official line It should in theory be plain might change. He thinks Mr

leave the state sector and set the nationwide

John Lloyd meets the enterprising founder of a Moscow co-op

Spain and Turkey registered increases of \$100-\$200m.

The rate of growth has been fastest in Taiwan and Turkey,

fastest in Taiwan and Turkey, where South African imports during the period have increased by 145 per cent and 132 per cent respectively.

The report also shows that countries which have introduced major sanctions against Pretoria reduced their South African imports by \$1.2bn between 1985 and 1987, equivalent to about 7 per cent of South Africa's total 1985 exports.

exports.

By far the largest reduction was made by the US, which has cut South African imports, by \$860m over this period. Other major reductions were made by Denmark, where imports have fallen from \$154m in 1985 to zero, France, Canada

This means exploitation, in Ms

Subbotina's view. She argued,

echoing Lenin, that "the objective interests of these two

groups were antagonistic-the

smaller the salary of the con-

tract employers, the greater the profits of the co-operative which are distributed exclu-

sively among the co-operative

Apart from political opposi-tion from people like Ms Sub-botina, the co-operatives face subtler forms of resistance

from Soviet society. Many peo-

ple disapprove savagely of

what they see as the co-ops'

get-rich-quick tactics.

The objection is often to practices taken for granted in

the West, such as putting a

higher price on scarce goods. This is hardly unknown in the black market; but to have it

practised openly, with official approval, cuts against a popu-

Yet Mr Sorokin will carry

on. He says he is driven by a

desire to promote "peace

"Where there is trade there cannot be war," he asserts, launching into a treatise on

that subject.

He has 15 members in his co-op; they hire between 15 and

18 more contract workers. Most

of them work at home, sewing to patterns he provides. All,

contracted and co-op members, earn according to the quality

of output.
It makes a profit. He has

paid back all but the best part of his state loan: he could pay it all back now, but he is reserving it because he may

through commerce."

report on South Africa's rela-tionship with the international financial system confirms that long-term credits to South Africa have virtually ceased but that short-term trade credits are increasing. The principal sources of these credits are said to be Britain and West

Based on the reports' find-igs, the committee is expected to discuss the adoption of fresh measures to increase pressure on all countries to reduce trade links with South Africa and to combat apartheid

These are likely to include recommendations that tighter restrictions be imposed on the purchase of non-essential South African goods, such as coal, steel, base metals and

need more capital and it is

He wants to expand: not nec-ssarily to make more clothes,

but to become a supplier of ser-

vices to the foreign business community. He plans to open a Japanese restaurant with a

Japanese friend who can cook, and he wants to provide enter-tainment, sports facilities and

recreation for businessmen in We are ignorant of what

people want. I need informa-

tion: we are willing to do any-

thing."

I asked him if he thought he

and his fellow co-operators were taking the capitalist

He paused, searched for words, looked embarrassed and said he was. Finally, he said: "I

don't believe the two social

systems are so far apart any longer: I believe they will more

and more come together, and

this will benefit world peace."

For him, socialism is a guar-

antee of state protection: yet

he recognises it saps incentives and, as he put it, "it may destroy the process of natural

He was a hard man to assess

Charming, handsome and self-assured, his language is tremendously idealistic but at

the same time he wants to

break into that most lucrative

Judged by conventional

Western criteria, he was planning to spread himself thin, with little knowledge. Yet most enterprises here have more than one function; heavy engi-

neering plants make consumer

goods for local production, build and maintain flats for

their workers, and are encour-

aged to do so.

And if he has little busi-

ness -as distinct from adminis-

trative - experience, other

would-be entrepreneurs are in

They have problems, to be

sure: he says only about 15 per cent of them make a profit. But

Mr Vladimir Alexeyevich Soro-kin, post-Stalinist child of the

Arbat, is marching with his fel-

market.

hard to come by.

### Gatt report shows world merchandise trade up by 5% in 1987

By William Dullforce in Geneva

WORLD merchandise trade grew by 5 per cent in volume in 1987, well above the rate of expansion of the two preceding years, and will grow by a fur-ther 5 per cent this year, the secretariat of the General Agreement on Tariffs and Trade (Gatt) said yesterday in its annual report.
The trade-depressing conse-

The trade-depressing conse-quences of the large changes in currency rates and the fall in energy prices experienced between 1985 and 1987 have started to give way to trade-stimulating effects, Gatt's economists suggest in a gener-ally upbeat analysis of the current strength of world trade. In value, international trade in goods climbed by 16.5 per cent to \$2,475bn in 1987 with West Germany outpacing the US as the largest exporter for the second year running. Growth was particularly strong in the second half.
Last year developing countries increased their share of world merchandise exports for the first time in seven years. Their combined trade balance shifted from a small deficit to a

small surplus.

Gatt officials single out three favourable factors affecting • The relative stability of

the main currency rates since Indications that the US and Japan are beginning to correct their trade imbalances.

These signs are reinforced by figures showing the strength of Japanese domestic demand and a revival in personal savings in the US, Gatt says.

Continuing, if modest progress in dealing with Third World debt, Gatt notes the undertaking on African debt

undertaking on African debt by the seven big economic powers at the Toronto summit, Brazil's recent agreement with its creditors and the banks' additions to their loss reserves These positive developments are tempered by uncertainty about when the debt problem

and the current account imbalances of the US, Japan and West Germany will be resolved. Other negative influresurgence in inflation and trade protectionist pressures. Gatt also injects a warning note about recent improvements in agricultural prices

which its says in no way reduce the urgent need to reform farm policies. Details, Page 4

### **Bundesbank** raises repo rate Continued from Page 1

the same boat. He is on the executive of the Moscow co-operators' association, which plans to hold a conference soon, perhaps this week or cent in 1988. The OECD has recently forecast a slowdown in growth to 1.75 per cent in 1989. Mr Bange-mann's claim that the argu-ments of the "economic pessi-mists" have been undermined seems to have been directed as much to next year's forecasts low co-operators towards . . the possibility of prosperity and, of course, as to this year's. The Govern-ment has not yet made an offi-cial forecast for 1989.

The increase of nearly 2 per cent in the seasonally adjusted industrial production figure for June is welcome ammunition for the Government. It confor the Government. It con-firms that strong growth in the first three months of the year has continued into the second. The repo rate, which has become a carefuly-watched indicator of the Bundesbank's intentions, has now moved up

in stages from 3.25 per cent in late June.

The rises are in line with increases in other German interest rates and mark the central bank's attempt to keep its money-market rates between the discount rate, which now stands at 3 per However, German daily mon-ey-market rates are now at

almost 5 per cent. Combined with the dollar's continuing strength, that suggests further increases may come.

Most German economists expect domestic interest rates

still expanding, Page 5; Lex, Page 16

THE LEX COLUMN

### Coming to terms with the Ecu

The nine out of ten Britons who think the Ecu is a game, a who think the Ecu is a game, a computer or a cinema award will be nonplused by the Bank of England's decision to issue Ecu treasury bills. To the cognoscenti, though, it must appear a master stroke. By acting rather than merely talking about progress toward a Euro-pean monetary union, the Gov-ernment has answered its Suropean critics without conceding any ground on mone-

ceding any ground on monstary supremacy.

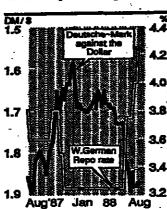
As far as the ever-nascent Ecu market goes, the Bank's announcement is an unexpected gift. While the issue of a hrand new instrument worth up to Ecu 2bn will in itself deepen the short term market, its real significance is as a its real significance is as a pump-primer. Once the UK. Government has endorsed the Ecu and proved its worth, the chances are that others will follow. There is every reason to expect the issues to succeed, given the likely demand from central banks as well as the general run of international investors; the only surprise is that no one has thought of issuing them before. Moreover, the creation of a lively trea-sury bill market should also help the Ecu bond market, which has suffered not just from suspicion but from a scarcity of swap opportunities, which the bills will help allevi-

By getting in first, the Government has brought off a small coup for London as a financial centre. Because the bills will be sold through the existing treasury bill mechanism, players in the domestic market will be encouraged to become Ecu experts, suggesting their rise up the league tables at the expense of the French and the Belgians. Even from the more workaday point of debt management the move makes sense, as it broadens the Government's borrowing options, and should mean an interest saving of more than a percentage point over the retiring dollar FRN.

Currencies As if UK interest rate policy re not tricky er already, the slide in the benefits of the deal, the fund D-mark shows every sign of continuing still weak against outside shareholder to take up the dollar yesterday, despite the rise in the German repo rate, and bumping along at an all-time low against the Yen. It is natural enough that the dollar should steal the limelight to deter predators.

at present. The market has per-suaded itself into optimism about the US trade deficit, and the continued strength of the the continued strength of the domestic economy – apparently confirmed by yesterday's leading indicators – suggests that the Fed's policy of tightening will continue. But after all, the Bundesbank has been tightening too; and dollar strength does not explain the Domert's performance against D-mark's performance against

But though the weakness looks slightly illogical, the



bounce need not be immediate. indeed, the longer the dollar's strength persists, the more nervous the market may get about the outlook for German inflation. As for sterling, Dm3.20 is for the moment looking more like a feet than a colling the strength of the moment looking more like. like a floor than a ceiling. Logic might suggest that the UK authorities should now pay or authorness should now pay more attention to sterling's trade-weighted level, but much depends on the balance of argument about tracking the EMS. All this serves to keep the market in the dark; but according to the official view, that is presumably where it belongs.

#### **Touche Remnant**

Investment trusts remain an Investment trusts remain an industry in search of a future, and yesterday's Liberty Mutual deal is almost certainly not the last to be heard from the troubled Touche Remnant. Although one can be forgiven for remaining sesptical about TR's claims for the business benefits of the deal the fund benefits of the deal, the fund the slack from the ever-dwindthe state from the event trusts which currently own it; and given its size and market clout, Liberty seems a logical choice.

For its part, Liberty has paid what amounts to petty cash for access to the expertise of Britain's largest investment Britain's largest investment trust management group, and, a fashionable toehold in the UK market ahead of 1982. Liberty probably paid a small premium to the 150p a share March valuation of Touche Remnant; but even if yesterday's purchase implies a price tag of £35m on the group overall, that is still only 1 per cent of funds under management. of funds under management. That valuation looks far less ludicrous now than at the height of the bull market; but it could still prove modest if it could still prove modest if Touche Remnant seeks a listing as expected in two to three years time — though the windfall gains to Liberty on E5m to £6m invested today would scarcely look much in view of the \$13bn managed by its own Chicago-based investment management offshoot.

#### Securitisation

The combination of a collapse in the share price of National Home Loans, the recent sharp rise in short-term recent sharp rise in short-term UK interest rates and building societies once again flush with retail funds has raised some doubts about the continuing viability of the new breed of specialist mortgage lenders. However, the decision of the Leamington Spa Building Society — a medium sized group with heady ambitions — to set up its own specialised mortgage company, thus doubling its lending capacity without the need for extra capital, is another sign that the market for securitised mortgages in the UK is coming of age. the UK is coming of age. The relative attractions of

funding mortgages from a retail or wholesale deposit base may fluctuate from time to time, but Leamington Spa's novel off-balance sheet vehicle has demonstrated that even a building society can overcome the <u>various</u> hurdles which have delayed the securitisation of building society mortgages. Despite the current interest rate structure, it should be able to earn a margin of close to 100 basis points by borrowto his mass, points by corrowing in the euro-commercial paper market; and if it tapped the US commercial paper market, its margins might be even better. The only snag may be that as building societies become increasingly like banks, it will be difficult to ignore off-balance sheet items in capital ratio calculations.

#### Carlucci gets a cockpit view Continued from Page 1

to run in a watchful mode-we

to run in a watchful mode-we see no change in the resources going into the military establishments."

He added, however, that "I think we have already had tangible results on the work that has been done on avoiding dangerous military activity. We are coming to understand each are coming to understand each other's establishment and doctrine a bit better and we've had constructive \_dialogue on

regional issues."

Mr Carlucci ends his fourday visit tomorrow after a visit to the Black Sea fleet.

### UK direct broadcasting group unveils new satellite aerial

By Raymond Snoddy in London

THE SATELLITE television battle between British Satellite Broadcasting and Mr Rupert Murdoch's Sky Television intensified yesterday as BSB unveiled a revolutionary flat 25cm aerial to receive its three

new channels from space. BSB, Britain's £625m (\$1.27bn) direct-broadcasting-(\$1.276n) airect-broadcasting-by-satellite venture, signed an exclusive marketing and man-ufacturing agreement with Fortel, the Scottish company which developed the diamond-shaped aerial, early yesterday.

BSB said the aerial was one quarter the size of dish aerials needed to receive the four channels planned for launch in February by Mr Murdoch. At the same time it demonstrated that its D-MAC system could produce sharper, clearer pictures on existing television sets and said the retail price of its reception equipment would be about £250.

Major manufacturers of the

major manufacturers of the new receiver would be Ferguson, the UK subsidiary of Thomson, the French electronics company, Salora of Finland, the third biggest television set manufacturer in Europe and the UK subsidiary of the Tature Correction of Thirston Tatung Corporation of Taiwan.

top receivers exclusively for the first three years.
The announcements mean that the multi-million cam-paign to sell new channels of satellite television to the Brit-ish viewer is now under way. In June Mr Murdoch, chief executive of News Interna-tional announced that he

would launch four channels of advertising-financed television to be broadcast by the Luxem-bourg satellite Astra direct to the home using the existing PAL standard in February. At the same time Mr Alan Sugar, chairman of Amstrad, said he would produce basic 60cm recention equipment for 60cm reception equipment for the Murdoch service Sky Tele-The three were chosen from a short-list of 15 to make the setvision to retail at £199 and £259

Hitch in Gulf peace talks

the Council on a collision course with Iraq, which will then have to decide whether to fight on against the will of the international community and of some of its strongest sup-porters. Mr Perez de Cuellar hinted this could lead to Security Council action to force Iraq to stop the war.

expect domestic interest rates to rise further.

Mr Ernst-Moritz Lipp, chief economist of Dresdner Bank, said: "If US rates go up further, the Bundesbank will either have to accept a further depreciation of the D-Mark or stabilise the exchange rate by letting interest rates rise further."

German exporters have regularly complained about the strength of the D-Mark, which they say has hitten into their business.

US indicators show economy

CITICORP

**CONSOLIDATED BALANCE SHEET** 

(in Millions of Dollars except per share amounts) June 30 **ASSETS** Cash and Due from Banks.....
Deposits at Interest with Banks..... Investment Securities..... Trading Account Assets.....
Federal Funds Sold and Securities Purchased Under Resale Agreements..... Customers' Acceptance Liability..... 4.037 3.321 LIABILITIES Acceptances Outstanding
Accrued Taxes and Other Expenses Accrued Taxes and Other Expenses
Other Liabilities
Long-Term Debt
Subordinated Capital Notes
Redeemable Preferred Stock STOCKHOLDERS' EQUITY

Preferred Stock (Without Par Value)

Common Stock (Par Value of \$1.00)

Surplus

Retained Earnings

Common Stock in Treasury, at Cost

Total Stockholders' Equity .....

Citicorp, 399 Park Avenue, New York, New York 10043 Incorporated in the State of Delaware

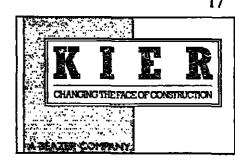
# **WORLD WEATHER**

Continued from Page 1 the report later today from a UN team which has been dis-cussing details in Tehran and Baghdad. Although he stressed that he would continue to consult with the belligerents, he also made clear that if necessary he and the Security Council could proceed without their



### **FINANCIAL TIMES** COMPANIES & MARKETS

Wednesday August 3 1988



INSIDE

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#### London sets sights on Ecu market



The UK Government hopes its decision to issue Treasury bills denominated in European Currency Units will lead to a new Londonbased international man ket in Ecu debt. This way, the refinancing operation announced yesterday by Nigel Law-son (left), Chancellor of the Exchequer, was

intended as a "practi-cal" step toward the use of Europe's hybrid currency - contrasting with broader aspirations for a European central bank and a common monetary policy. The UK's planned redemption of its \$2.5bn floating rate note also reflects the large rise in its official reserves. and the Treasury's desire to diversify the cur-rencies held as reserves. Page 20

#### TLC makes sweet gain on \$44m Callard sale

TLC Group, the private investment partnership which last year acquired most of the international businesses of Beatrice Foods in a \$985m leveraged buyout, has agreed to self Callard & Bowser, UK-based manufacturer of fine confec tionery and butterscotch, to United Biscuits for a total consideration of about \$44m. Profits from the sale will allow TLC to cut the cost of its Beatrice acquisition to \$340m. Page 18



The battle between Racal Electronics of the UK Racal's telecommunications subsidiary will reach its final heat in the next two weeks as the opponents ready themselves for an extraordinary meeting on August 16. Hugo Dixon reports on the opinions of shareholders caught in a corporate tug-of-war. Page 18

#### Valmet taps into Finland's private capital market

Valmet, the Finnish state-owned metal and engineering group, will become the country's first state-owned company to be partly-priva-tised through an issue of 6.5m shares at FM120 (\$27) apiece to domestic investors. The issue does not amount to privatisation, says Matti Kankaanpää, Vaimet president, but will provide the company with more money for acquisitions, research and development. Page 19

#### Dim view for grain markets



The outlook for the world's industrialised grain-producing countries is anything but optimistic, warns the International Wheat Council. As the main market shifts to developing countries,

higher prices could mean disaster for producers and their financially-troubled customers, who would be unable to meet increased impoort bills. Bridget Bloom looks at the dilemma posed by the growing grain markets. Page 32

### Market Statistics

European options each FT-A indices FT-A world indices FT int bond service ... Financial futures

London share service London traded options Money markets World commodity prices World stock mich indices UK dividends amounced Unit forces

### Companies in this section

Ranco Bilbao-Vizcaya Bayemhypo Bridgestone Callard & Bowse Goodman Fielder Henderson Land Lassa Tire Millicom New York Life

18 Racal Electronics 19 Securicor Security Services Siemens Spillers Foods Standard Bank Sun Microsystems TLC. Texaco United Biscuits Wagon Industrial 22 21 19 20 Waverley Cameron Wharf Holdings Wm Hunt Hids

### Chief price changes yesterday PARIS (Pire) Society Gen. 378 + 15 COF 1325 + 55 Carretour 2530 + 73

NICH YOUK (5) at 12.30 Rises NCHB 25% + 1% TOKYO (Yes) Teraco
Faille
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ISM
Seagate Tack Kanto Bank Makoman Sanyo Danki LONDON (Pence) Radianó 436 + 11 Security Servs. 367 + 27  $529f^2+g^2$ 

535 535 + 15 253 + 25 206 + 11 248 + 8 273 + 8 108 + 10 618 + 18

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Is the collapse a sign of the short-sightedness of London's financial institutions, as some people such as Mr David McWilplace? Or was LondonClear illto replace paper with electronic

blips.
But after three years' work
LondonClear attracted only 40

compared with the £9m it wanted for the first phase.

Bankers yesterday cited two reasons for the poor response.

One was cost. The total of £12m, not including £4m of lease finance, was far more than they had been led to expect. This would amount to several hundred thousand pounds per member, some of which retain profits of

that the clearing banks with the deep pockets are not the biggest users of the money markets: they issue a lot of paper but they deal less in the secondary market than small banks and discount houses. So they were reluctant to put up large sums. Conversely, the smaller institutions which are bigger dealers could not

Adsteam move threatens

**Bond's plans for Bell** 

By Bruce Jacques in Sydney and Andrew Baxter in London

with an array of options, when the City needed "a Ford Cortina", straight and simple.

Ironically, LondonClear would not have saved enormously on existing costs. One clearing banker estimated yesterday that the entire market used only 30 messengers at a total cost of well under £1m. His own bank kept all its money market paper in a single small safe

Mr McWilliam rejects the criti-cisms about excessive cost. He says that banks were "deeply consulted" about the system's requirements and costs at all stages, and had plenty of oppor-tunities to voice their worries. He also defends the decision to

go for a high quality system on the grounds that a market where banks manage their liquidity and the Bank of England makes its interventions must be totally reliable. He said it was essential, for example, that the computers be duplicated for emergency or breakdown – even though this doubled the equipment costs – and that they be sophisticated enough to adapt to changes in the market.

buying back the 11.44 per cent stake at a higher price. At yester-day's closing price of A\$1.78, the stake would have cost Adsteam

Bond has already paid a pre-mium to buy out Sir Ronald

Brierley, chairman of the Indus-trial Equity holding company,

and Mr Kerry Packer, the Austra-

lian media entrepreneur, who had joined forces earlier this year

to thwart Mr Bond's plans for

The two entrepreneurs had

jointly bid A\$1bn for Bell

Resources, but were paid A\$2 a share for their 6.5 per cent block.

and withdrew their bid on July 1.

The pressure exerted on Mr Bond by Mr Spalvins will be increased by the large borrowing

which the Bond group has taken on to fund its bid for Bell Group.

about A\$113m.

Bell Group.

"If you cut costs, you also have to take short cuts with equipment and software - or change the nature of the service," he

The second complaint was bureaucracy. With several com-mittees and much consultation machinery, some bankers felt LondonClear could never be flexible enough. Again, Mr McWilliam denies this charge, claiming that LondonClear was designed to be highly responsive.

There were also some doubts in people's minds as to whether London needed to create a new system from scratch. Two banks Chase Manhattan and First Chicago – already supply auto-mated clearing and settlement services for the London markets. and both are eager to expand their business in sterling instruments. But though the collapse of LondonClear removes a potential rival, they are not comparable: as dealers in their own right, they lack the independence the Lon-donClear would have had.

The most likely entity to pick up LondonClear's pieces seemed yesterday to be the Association for Payment Clearing Services

### **Bridgestone** buys base in Turkey for \$60m

By Stefan Wagstyl in Tokyo

BRIDGESTONE, the Japanese tyre company which is buying Firestone Tire and Rubber of the US, has signed a \$60m deal to purchase a 36 per cent stake in a tyre manufacturer in Turkey.

The group intends to use the Turkish venture as a base for supplying Africa and the Middle East, just as the Firestone acquisition, on a much larger scale, is giving it a presence in North America and Europe.

Mr Masayuki Kinoshita, execu-

tive vice president, said yester-day that the agreement would turn a company operating in three regions - Asia, North America and Europe - into one operating in four.

Under the terms of the agreement, Bridgestone is going into partnership with Sabanci, a diversified Turkish industrial group. Bridgestone is paying \$60m for half of Sabanci's 72 per cent stake in Lassa Tire Manufac-turing and Trading, a company listed on the Turkish stock mar-

ket. Remaining shares are held mostly by financial institutions. The joint venture, to be called Bridgestone Sabanci Tire Manufacturing and Trading, will initially control 30 per cent of the Turkish tyre market. It employs 1,300 people and last year earned \$15.7m on sales of \$132m.

Mr Kinoshita said Bridgestone's hope was to double output from 100 tonnes a day over the next few years. The company would first concentrate on a new range of truck and bus tyres and later expand passenger tyre pro-

Bridgestone would transfer technology to Turkey and send up to 50 Japanese staff to the project, he said.

Bridgestone hopes that the Turkish plant will eventually replace Japanese exports to the region. Africa and the Middle East took one-third of the group's total exports last year by volume. By value, total exports were 26 per cent of parent company sales of Y557bn (\$4.22bn).

Sabanci is one of Turkey's two largest industrial groups. Mr Sakip Sabanci, chairman, has built an empire ranging from banking and insurance to electronics and agriculture. Net sales last year were \$3.6bn. Lassa, the tyre company, started production in 1977 with technology from Uniroyal Goodrich.

 Bridgestone is to increase production of car radial tyres at its Nashville, Tennessee plant. It is investing Y4bn to lift output from 1,000 to 3,000 tyres a day by the end of this year, Reuter reports. Annual output is expected to be raised to 2m tyres by the end of 1989.

### City sticks to a paper standard David Lascelles examines a setback to automated clearing in London D. McWILLIAM Bank of England as a depository, (APACS), the umbrella body for the UK clearing system. create a "Rolls Royce" system

he collapse of London-Clear has caused considercliear has caused considerable embarrassment and some recrimination in the City of London. The project, launched a year ago by 36 UK banks with the backing of the Bank of England, would have automated the City's paper-based sterling markets. But on Monday it foundered on the on Monday it foundered on the reluctance of its backers to cover its £12m (\$20.5m) launch costs.

liam, LondonClear's chief executive, have claimed? And in that case does it reflect badly on London's ability to compete in the international financial marketconceived, and therefore rightly terminated? What everyone agreed yesterday was that some-thing needs to be done about the sterling markets, where billions of pounds worth of bills and other money instruments are traded daily – and delivered by messengers plying the City's streets. LondonClear would have provided an independent, computer-based system using the

Spalvins, emerged yesterday as the holder of 11.44 per cent of Perth-based Bell Resources, the

asset-rich jewel of Mr Robert Holmes à Court's dwindling cor-

Adsteam, which currently has a stake of about 8 per cent in Commercial Union of the UK.

said it holds 63.35m shares in Bell

Resources. The announcement confirmed widespread specula-

tion that Mr Spalvins was build-

ing a stake in Bell, shares of

which have been heavily traded

The emergence of Mr John Spalvins' strategic shareholding

almost certainly spells trouble for

Mr Alan Bond's ambitious plan

effectively to merge his flagship company, Bond Corporation Holdings, with the two former

flagship companies of Mr Holmes

porate empire.

recently.

would-be members, well below the 70-plus which it needed. And it got only half a million pounds

barely film a year.

The twist to the situation is

afford a heavy investment.

Many bankers also complained that LondonClear was trying to

ADELAIDE STEAMSHIP, the à Court – Bell Resources and useful blocking tool.

acquisitive Australian holding Bell Group. Mr Spatvins may also be company headed by Mr John Bond is hidding A\$2.70 a share attempting to push Bond into

for all but the 19.9 per cent it

already owns of Bell Group, valuing the entire Holmes à Court

master company at A\$850m (\$468m). Mr Holmes à Court and his companies had come under

financial pressure after the Octo-ber stockmarket crash, prompt-ing the sale in April of the 19.9

Mr Spalvins' interest is there-fore twofold. First, he is probably

looking to force Mr Bond into

selling some strategic assets to Adsteam in order to win that

company's support for the

merger plan.

Anything less than 100 per cent control by Mr Bond would cause

him difficulties in getting access to the cashflow of the two Bell

companies. A strategic 11.44 per

cent minority stake held by Adsteam would therefore be a

### **Liberty Mutual acquires** 15% of Touche Remnant

By Nikki Tait in London

LIBERTY Mutual Insurance Company, one of the largest property-casulty insurance companies in the US, is taking a 15 per cent stake in Touche Remnant Hold-ings, the UK fund managment

group.
Touche Remnant, an unquoted company, is Britain's largest investment trust house, with these funds accounting for around £1.8bn of the total £3.5bn funds under management. Before the Liberty deal, the trusts themselves were also the sole owners of shares in the management

company.

putting a price tag of £32m (\$55m) on the group. Liberty is believed to have paid a premium of about 10 per cent over this. Liberty said yesterday that it

APACS had two members on

LondonClear's board, and it will

now be considering whether to take its work forward. APACS

would be quite different from

LondonClear: the disadvantage is that it is dominated by the clear-

ing banks rather than the main users of the sterling markets. On the other hand, it is a deep

repository of experience in set-

tling and clearing.

The collapse of LondonClear has set back the modernisation of

the London markets at a time of heightening international compe-

tition. Although New York's

money markets are still paper-based, continental countries such

as France, Italy and Spain are

going over to computers, and

Australia recently introduced a system very similar to that planned by LondonClear.

The UK's domestic markets are neither as big or as important internationally as the Euromar-

kets, also based in London, so the

damage caused by the setback will be limited. But this is not a

moment when London can afford

fully supported TRH's aim of seeking a stock market listing in due course. TR has made clear that it would like to float, subject to market conditions, in the early TR said the deal offered the prospect of developing interna-

No price was announced yesterday. In March, however, TRH, shares were valued at 159p each,

tional products together with Stein Roe & Farnham, the Chicago-based investment management company in which Liberty owns an 80 per cent stake. Background, Page 22

### Fiat takes 14% stake in Labinal

Fiat has acquired a 14 per cent stake in Précision Mécanique Labinal, a French supplier of compenents to the car and aero-space industries with which it has close commercial and industrial links.

The Italian car group said yesterday that the FFr400m (\$63.5m) purchase was defensive and that it had no hostile takeover inten-

The French company has been speculation on the Paris bourse during the past few weeks. Both United Technologies and General Electric of the US were said to have shown interest in the 14 per cent stake, which was held by foreign investors.

Although Fiat said it had no intention of increasing its holding, French authorities expressed some concern over the share pur-chase. With annual sales of more than FFr2.5bn; Labinal supplies components to the defence industry and owns a large stake in Turbomeca, the French helicop-ter engine manufacturer.

Moreover, Labinal's top man-agement criticised the Fiat acquisition on the grounds that the company had always opposed the entry of a car manufacturer as a shareholder, because of the risk of undermining sales to other motor groups.

Banque Arjil, the small investment bank controlled by Mr Jean-Luc Lagardere, the chairman of the French Matra and Hachette groups, advised Fiat on the deal. The Italian group has close ties with Matra including joint ventures in car components

with 14 per cent, Fiat is the largest single shareholder in Labinal. Other significant stakes are held by the Caisse des Depots, the French state financial incitation with 13 per cent the institution, with 13 per cent, the state-owned UAP insurance group with 11 per cent, the Banque Nationale de Paris with 2.5 per cent, and the Axa insurance group with 5.5 per cent. The Szydlowski family, founders of the Turbomeca helicopter engine group, owns 11.5 per cent of Labinal.

### Steetley of UK expands in Spain

By Philip Coggan in London

Steetley, the UK construction materials group, yesterday sub-stantially expanded its Spanish aggregates interests through the purchase of five connected companies for a total of Pta5.19bn (\$42m). The acquisitions are the first

by Steetley since it raised £68m through a rights issue in June, specifically to fund overseas British building materials groups have tended to expand

through acquisitions of overseas aggregates companies in recent years, since UK reserves are tightly held by a few large com-Many companies have bought

in the US - a trend highlighted by

Beazer's recent \$1.7bn purchase

of Koppers - but Steetley's main

thrust has been into France, where it is now the largest aggregates producer. "The main reason we want to

invest in Spain is the growth potential," Mr Richard Miles, Steetley managing director, said yesterday. "The aggregates mar-ket is highly fragmented."

After the latest purchases, Steetly estimates it will have about 1 per cent of the total Spanish aggregates market, but it will account for 20 per cent of aggregates and 15 per cent of ready-mixed concrete supplied in the Madrid area.

Steetley made its first purchase in Spain in April with the acquisition of La Pola, a quarrying and ready-mixed concrete operation near Madrid - the same area where the new acquisitions are

located. Overall, Spain's Pta5,000bn construction market is forecast to grow at 9.2 per cent this year and 8 per cent in 1989, according to Euro-Construct, a federation of leading economic and industrial forecasting bodies. That means that Spain is now the fastest growing construction market in

roads and other infrastructure. The five companies Steetley has bought - Casla, Artemade, Transcasla, Hormidosa, and Hormosa - own or have rights over more than 30 years of proven sand and gravel reserves at current rates of production. Last year, they made pre-tax profits of Pta573m.

Europe, boosted by a rapidly-

growing economy and a substan-

tial increase in investments in



### INTERNATIONAL COMPANIES AND FINANCE

### Texaco seeks buyers for big Canadian offshoot

TEXACO, the US oil company a string of asset sales, joint which is reorganising its operations after years of corporate upheaval, is planning to sell its majority stake in its big Canadian subsidiary in a deal Wall Street believes could net more than \$2.5bn.

The US group, which has just fought off a bid for control by Mr Carl Icahn, the takeover specialist, said yesterday that it would seek offers for its 78 per cent interest in Texaco

But Texaco will try to keep its subsidiary's interests in various overseas exploration joint ventures, notably a highly promising find in Brazil Texaco Canada said it was forming an independent committee of the board of directors

to consider the move. Yesterday's announcement by the US group is the latest in

ventures and financial rejigs which Texaco has put forward in efforts to recapture Wall Street's favour after years of weak financial performance, litigation and bankruptcy. The suburban New York

company won investors' sup-port against Mr Icahn at a bitter proxy fight in June, but at the price of a scheme to sell off more than \$5bn in marginal assets and pay out a third of the proceeds to stockholders.

Texaco has already sold its West German business, Deut-sche Texaco, for \$1.2bn and raised over \$800m from selling half of its big marketing net-work in the eastern US to

Mr James Kinnear, chief executive, said yesterday: "The possible sale of Texaco's interest in Texaco Canada - poten-

tially the third major sale of operating assets in the com-pany's restructuring — would represent another major advance in that programme."

Mr Philip Dodge, an analyst at Nomura Securities in New York believes that

York, believes that Texaco Canada, which has a publicly quoted minority shareholding, is worth as much as C\$3.9bn (US\$3.25bn) in its entirety. The company, which has some 380m barrels of proven oil and natural gas liquids and 1.98bn cu ft of gas, operates refineries in Ontario and Nova Scotia and sells petrol and petroleum products throughout Canada. Husky Oil and Canadian Occidental have already expressed interest in the company, while Mr Icahn held talks with Gulf Canada in an

### attempt to pre-sell the business as part of his takeover bid.

NY Life plans \$830m sale By Janet Bush in New York

NEW YORK Life Insurance, itself and pension fund customers, is to sell its entire \$830m portfolio of stocks for its own

account. However, the company remains invested in equities in its managed accounts and in pension accounts managed for its own employees whose exposure to the stock market has,

An official for the insurer said that the decision to rid government bonds.

itself of its equity exposure on its own account did not reflect a generally negative view of

the stock market.
It was, he added, a strategic move designed to match the income requirements of its general insurance business, which the company believes would be better served by an investment in fixed income.

The official said he believed that the funds would be rein-vested predominantly in US

Last November, Boeing and Rockwell decided severely to cut the equity component of their pension funds. In the case of Rockwell, the company apparently ordered its fund managers on November 12 to reduce the stocks component of their portfolios within two weeks, a step regarded as radical by other fund managers.

The New York Life official said he did not regard the decision to pull out of equities on its own account description.

its own account dramatic.

kets with annual sales of over \$1bn. The European group also has a \$200m ice cream business and Tayto, the largest snack company in Ireland.
TLC intends to hold on to a

don: Callard & Bowser, which registered sales of £23.8m in 1987, will become part of UR's confectionery division, which

### **US** group sells Callard & Bowser

By Anatole Kaletsky in New York

TLC GROUP, the private investment partnership which last year acquired most of the international businesses of Beatrice Foods in a \$985m leveraged buyout, is to sell Callard & Bowser, the UKbased confectionery manufac-turer to United Biscuits, also

of the UK, for \$44m.
UB will pay £21.5m, or about \$37m, in cash and assume debts of around \$7m.
The deal cuts TLC's net acquisition costs to \$340m. Lewis, one of America's best known black businessmen, will thus have repaid twothirds of the cost of buying Beatrice International in just

over a year. Over the past year, TLC has raised \$137m through the sale of Beatrice International's Latin American businesses, \$235m by selling 80 per cent of Beatrice Canada and \$90m by disposing of its half-share in a meat processing venture in

Mr Lewis, TLC's chairman, sald he was now working on the "repositioning" of two other businesses which did "not fit the profile of the remaining Beatrice units." These are Beatrice Poultry, based in the UK, and the Beatrice Bottling Group, based in the Netherlands and Belgium. After all these divestitures, Mr Lewis and his partners will still own a business with annual revenues of over \$1.5bn. Its main operations will be in France, where Bea-trice International owns con-

50 per cent interest in a food business in China, a company based in Hong Kong and its 20 per cent interest in Beatrice Canada.

venience stores and hypermar-

Clay Harris adds from Lonincludes Terry's of York. UB said it would retain the UK factories at Halifax, Yorkshire, and Bridgend, Wales.

US ready to refinance arms loans on how each individual country will choose to refinance their loans is at a fairly early stage. It seems likely that the nations will tend to collateralise the 16 per cent portion of the loans. This path provides investors with the most risk-averse package and therefore borrowing countries with the most cest-efficient method of refinancing debt.

I srael is likely to be the first of a number of nations to refinance military loans extended by the US Government in the early 1980s. Wall Street brokers estimate that perhaps as much as \$14bn in loans awarded to more than 20 countries to buy US arms could be refinanced in New

Many of these countries many of these countries have been paying 13 or 14 per cent interest on their borrowings, but now they have the opportunity to secure dramatic savings after a Congressional vote in December which gave the go-shead to refinance at lower interest rates. lower interest rates.

The programme, passed into law by Congress, provides for nations paying at least 10 per cent interest on their loans to refinance. The US Government will guarantee 90 per cent of the principal and interest on the new loans, leaving 10 per cent of the risk to the borrower nation.

But, after criticism within the financial industry, the Treasury reversed an earlier ruling and allowed the 10 per cent to be collateralised with

US Treasury securities.
The Treasury initially opposed the refinancing programmes at much lower interest rates but its revenue considerations were waived in favour of the strategic priori-ties of the State Department and the Defence Department.

The only three nations which have so far appointed financial advisors and management teams are believed to be Israel, with \$5.5bn in loans to refinance, and Tunisia, which has just under \$200m in loans

Peabody as its financial advi-sor and has also set up a large lead management team with Shearson Lehman Hutton and Salomen Brothers as the origi-nal co-leads and Bear, Steams, First Boston and Merrill Lynch added as co-leads recently. Tunisia has appointed Citi-bank as lead manager and Banker Trust and Morelly

Bankers Trust and Merrill Lynch as co-leads.

Turkey is believed to have set up a management team comprising Bankers Trust, Lazard, Salomon Brothers and Shearson Lehman Hutton to

dent in the government finance department at Citibank, said he believed Tunisia would choose to collateralise the 10 per cent portion. The US has given many nations the opportunity of securing dramatic savings in refinancing their military loans. JANET BUSH in New York reports

organise the refinancing of a potential \$1.2bm in loans and \$400m in arrears.

Other nations are known to have been taking soundings and Pakistan recently listened to presentations by brokerages and commercial banks in Islamabad. Pakistan could potentially refinance \$400m.
According to Wall Street
sources, Israel plans to offer a
\$3bn bond issue in September. This would be the second-largest single debt sale in the US.
The largest was a \$4bn asset-backed deal for the General Motors Acceptance Corpora-tion in October, 1986.

This decision could mean that various credit rating agen-cies, considering the refinancing programme and the kind of securities which could be issued, will give those securities triple A ratings.
It appears that the thinking

He explained that countries have three options. First, they could decide not to refinance at all Second, they could simply go to a bank and take out a loan at a lower rate. Thirdly, a method which he regards as most cost effective. most cost effective, a nation could issue underwritten secu-rities to US institutions. These securities would be priced at a spread above US Treasuries, probably at maturities similar to those of the original loans.

Borrowers with a smaller amount of debt outstanding

refinancing debt.
Mr Michael Clair, vice-presi-

may prefer to issue securities through a private placement. Hankers and brokers say that the attraction of winning a slice of this refinancing business is the sheer size of the programmes being put together and the high-grade nature of the paper. Despite the size of the potential refi-nancings, there seemed little.

doubt that the participating nations would be given a good reception in the capital markets became of the quality of the paper.

One of the most interesting aspects of the refinancing programmes is the participation of commercial bents as financial advisors and underwriters. advisors and underwriters. There is believed to have been some discomfort within the investment banking sommunity about aggressive bidding for underwriting business by commercial banks. Brokers cite remaining grey areas in the 1833 Glass-Steagall Act asparating the two areas of banking and case law on this matter. However, it seems chear that there are strong mece-

that there are strong proce-dents — and according to some lawyers, specific provisions — under Glass. Steagall law for commercial banks to under-write paper guaranteed by the US Government or government

The combination of a 90 per cent portion guaranteed by the US Government and the other 10 per cent collateralised with Treasury securities, in the commercial banks' view, makes them eligible to undertake the underwriting bushases it is not clear whether ness. It is not clear whether commercial banks would be able to underwrite the issues if the 10 per cent were not colla-

Mr Brian Smith, managing partner of law firm Stroock & Stroock & Levan in Washing-ton and a former chief counsel to the Comptroller of the Cur-rency, cites the precedent of commercial banks underwrit-ing Federally-guaranteed Fed-eral Housing Administration

### Sharp rise in Boeing earnings

BOEING, the world's leading aircraft manufacturer and the biggest exporter from the US, reported a big advance in profits and revenues during the second quarter as worldwide demand for its commercial aircraft continued to strengthen.

Net profits totalled \$160m or \$1.05 a share, 37 per cent higher than the \$117m or 75 cents reported in the second quarter of 1987. Sales increased by 35 per cent to \$4.71bn. In terms of both its sales and earnings, the company's growth accelerated in the second quarter compared to the first. For the first six months of 1988 as a whole, earnings grew by 26 per cent to \$296m or \$1.94 a share, while sales increased by 15 per cent to

\$8.32hn For 1988 as a whole Boeing said it expects sales to total

The strength of civilian orders more than made up for a \$200m decline in military sales to the US and fereign governments during the first six months of the year. Mili-tary sales in the first half came

to \$2.3bn, or 29 per cent of Boeing's total sales.

Boeing's total firm backlog of unfilled orders increased to \$39.9bn from \$33.2bn at the end

of 1987. Of this backlog, 82 per cent was for commercial cus-tomers and foreign governments, while 18 per cent was for US government orders.

• Mr Daniel Tellep has been elected chairman of Lockheed, the missiles and space system group, in succession to Mr Lawrence Kitchen, who has reached the company's mandatory retirement age of 65.

### Sun Micro doubles profit

SUN Microsystems, the fast-growing manufacturer of computer workstations, more than doubled revenues and earnings in the fourth quarter, boosted by an aggressive shipment programme to reduce backlogs and a strong work-station market.

Earnings totalled \$25.2m or 66 cents a share on revenues of \$365.1m, against \$10.9m or 31 cents on sales of \$185.9m a year earlier and well above Wall

Street expectations.
For fiscal 1988, earnings increased by 83 per cent to \$66.4m or \$1.79 a share, from \$36.3m or \$1.11 for the previous

year. Sales rose to \$1.05bn from

\$537.5m. Mr Scott McNealy, president and chief executive officer, said Sun decided early in the fourth quarter to deliver as many units as possible "to shorten customer delivery times, even if it required pay-ing a premium to accelerate Sun's receipt of manufacturing

Despite the shortage of memory chips needed for its products, the company shipped more than 17,000 units during the quarter.

Sun had a record end-quarter backlog level of about \$234m.

### **Alliant Computer launch**

ALLIANT COMPUTER

Systems, the Massachusettsbased computer manufacturer, yesterday announced a new series of mini-supercomputers.
The move follows Alliant's merger in June this year with Raster Technologies, which specialises in high performance three dimensional

The computers, called the Visualisation Series, are the latest of several high-powered graphic machines to be launched on a busy market. Other manufacturers of such systems include Stellar Computer and Ardent.

Last year, Alliant was the market leader in the US with 43 per cent of the mini-supercomputer market. Its not sales were \$53.8m compared with \$30.7m in 1986.

Mini-supercomputers offer relatively powerful computing at a fraction of the cost of 頭 精制 海

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full-scale supercomputers, such as Crays, which can cost between \$2.5m to \$20m even befere installation. Alliant's Visualisation Series starts at £54,600 (\$92,840) .

Alliant says the market for mini-supercomputers could reach more than \$25n a year, but as yet demand is small.

August, 1988

2nd August, 1988



### The Hokuriku Bank, Ltd. U.S. \$100,000,000

3% per cent. Convertible Bonds due 2003

Issue Price 100 per cent.

Hokuriku Finance (H.K.) Limited

Yamaichi International (Europe) Limited

Banque Paribas Capital Markets Limited Manufacturers Hanover Limited The Nikko Securities Co., (Europe) Ltd.

Daiwa Europe Limited Morgan Stanley International Nomura International Limited J. Henry Schroder Wagg & Co. Limited

DKB International Limited Goldman Sachs International Corp. Kleinwort Benson Limited

Fuji International Finance Limited IBJ International Limited Nippon Credit International Limited S.G. Warburg Securities

ANZ Merchant Bank Limited Bank of Tokyo Capital Markets Group Barclays de Zoete Wedd Limited Cazenove & Co. Citicorp Investment Bank Limited Cosmo Securities (Europe) Limited Deutsche Bank Capital Markets Limited LTCB International Limited New Japan Securities Europe Limited Sanwa International Limited Standard Chartered Asia Limited Wako International (Europe) Limited

Bank of America International Limited Banque Indosuez James Capet & Co. Chase investment Bank Commerzbank Aktiengesellschaft County NatWest Limited Dresdner Bank Aktiengesellschaft J.P. Morgan Securities Asia Ltd. Nippon Kangyo Kakumaru (Europe) Limited SBCI Swiss Bank Corporation Investment banking Union Bank of Switzerland (Securities) Limited

### SEKISUI PLASTICS CO., LTD.

U.S.\$50,000,000

4¼ per cent. Guaranteed Notes 1993

with

Warrants

to subscribe for shares of common stock of Sekisni Plastics Co., Ltd. The Notes will be unconditionally and irrevocably guaranteed by

The Sanwa Bank, Limited

Issue Price 100 per cent.

The Nikko Securities Co., (Europe) Ltd.

Yamaichi International (Europe) Limited **Daiwa Europe Limited** Baring Brothers & Co., Limited Daiwa Bank (Capital Management) Limited Goldman Sachs International Corp. Merrill Lynch International & Co. **Toyo Trust International Limited** Norinchukin International Limited

New Japan Securities Europe Limited Towa International Limited Wako International (Europe) Limited

Sanwa International Limited Nomura International Limited **BNP Capital Markets Limited** Dresdner Bank Aktiengesellschaft **IBJ** International Limited Morgan Stanley International

#### INTERNATIONAL COMPANIES AND FINANCE

# Finland picks Valmet for first partial privatisation

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VALMET, THE Finnish metal and engineering group, will becomethe country's first state-owned company to be partly privatised through an issue consisting of 6.5m shares at FM120 apiece to domestic

myestors.
The proceeds of FM780m (\$176.5m), including a premium of FM650m, will make the issue the second biggest by a Finnish industrial company. The issue will reduce the state's holding from 100 per cent to

79.77 per cent. Valmet will seek a listing on valmet will seek a listing on the Helsinki Stock Exchange (HSE) as soon as the issue is fully paid, possibly in October. The subscription period runs from August 15 to September 9. The 6.5m shares to be issued will include 650,000 shares reserved for Valmet's domestic workforce at the same price.

The shares issued are equal to the existing shares and they will not be available to foreign-ers. But according to Mr Matti

Kankaanpaa, president of Val-met, the company retains an per cent), Valmet do Brazil met, the company retains an option to make another launch, possibly in freeshares, within a

Valmet had an authorisation to carry out public share issues up to a nominal value of FM190m. The current issue will raise the company's share capital by FM130m.

Mr Kankaanpää emphasises that the issue will not amount to privatisation. It is aimed to improve the company's capital structure, reduce financing costs, establish market value and create a favourable image

Furthermore, it will provide Valmet with money for acquisi-tions. Apart from acquisitions, Valmet plans to use the pro-ceeds for investments and for

research and development. The Valmet group consists of Valmet Paper Machinery (44 per cent of net sales in 1987), automation (18 per cent),

tractor operation (8 per cent), transportation equipment (11 per cent) and aircrafts (2 per

Group sales in 1987 totalled FM7.8bn and net income amounted to FM329m. Earnings per share, including extraordinary items, reached FM61.25. Sales during the first four months of this year rose by 79.9 per cent to FM2.54bn and profits, says Mr Kankaanpää, are "increasing."

Other potential candidates for tapping the capital markets include Kemira, the fertiliser and paints group; Neste, the oil and chemical group; Outokumpu, the metallurgy group; and Veitsiluoto, the forest products company. The state-controlled Enso-Gutzeit has been listed on the HSE since early this century, when the Government bought a majority

Wing Tai is to acquire from Henderson a 25.9 per cent stake in the Hongkong and china Gas Company, and a 19.7 per cent stake in the Hongkong and Yaumati Ferry In return Wing Tai will transfer to Henderson all its Letter B land exchange entitle ments - government certifi-cates which give the holder the right to acquire land in the New Territories - in addition to its interests in certain prop-

Henderson

Land plans

asset swaps

with unit

HENDERSON LAND, the Hong. Kong property group, and its subsidiary, Wing Tai Develop-

ment, yesterday announced

details of a group restructur-ing which will see substantial

asset swaps between the two and the raising of HK\$960m (US\$123m) by Wing Tai through a share placement and offer to minority share-

Following implementation

of the proposals Henderson, which is controlled by Mr Lee Shau-Kee, will concentrate on property development activi-ties, while Wing Tai will

and property investment com-

ne an investment holding

By Michael Marray

in Hong Kong

To balance the transaction Wing Tai will issue new shares and warrants to Henderson. On completion of the deal Henderson's stake in Wing Tai will fall to 61.8 per cent from 69.8 per cent at pres

Wing Tai will raise HK\$960m through a share to minority shareholders in both Henderson and Wing Tai. Wing Tai will also proceed with a one-for-five share split. It announced that it plans to pay a second interim dividend of 26 cents per share in lieu of any final dividend for the year ended June 30, 1988. Both companies have applied to resume trading on Friday.

### **Wharf Holdings** 24% ahead

By Our Hong Kong Correspondent

om a previo

WHARF HOLDINGS, the Hong Kong hotel, transport and property group controlled by Sir Yue-Kong Pao, yesterday announced a 24.2 per cent increase in profits attributable to shareholders to HK\$1.27bn (US\$163m) for the year ended March 31. Turnover fell to HK\$2.39bn

result of the disposal during the year of the group's interests in the Wheelock Marden irading, service and manufac turing companies, in addition to part of the shareholding in Hong Kong Realty and Trust. But the remaining core divi-sions within Wharf all performed well, benefiting from last year's buoyant conditions in the Hong Kong economy. Pre-tax profits were HK\$1.2bn, against \$1.28bn the previous year, while extraordinary items stood at HK\$260m compared to HK\$162m. Earn-ings per share were 58.8 cents,

compared to 50.2 cents.

Wharf recently completed the acquisition of the US-based Omni Hotels group for HK\$1.05hn, in a joint venture with its principal shareholder, World International.

#### Merged Spanish bank 35% up By Our Financial Staff

BANCO Bilbao-Vizcaya, the Spanish bank formed by this year's merger between Banco de Vizcaya and Banco de Bil-bao, lifted first-half pre-tax consolidated profits by 35.2 per cent to Pta55.16bn (\$446m) from the same period a year

earlier. Joint parent bank profit rose 43.6 per cent to Pta35.41bn. Group consolidated cash-flow rose 39.9 per cent to Pta103.26bn, while parent bank cash flow rose 52.2 per cent to Pta70.08bn.

Net interest income was Ptal57.78bn, but the bank gave no comparative figure for the first half of 1987. Operating profit rose 23 per cent but again the bank gave no comparative. Group depre-ciation charges and bad debt provisions totalled Pta43.13bn.

country, but who have little In accordance with the terms of the Indenture, potice is hereby given that the Rate of Interest for the period 1st August, 1988 to 1st November, 1988 has been fixed at 8.75 per cent per annum. The Interest Amount, as defined, of US\$22.36 will be payable as 1st Managedier, 1988.

PIMA Savings and Loan

**Association** 

US\$100,000,000

Floating Rate Notes

due 1995

Barciays de Zoete Wedd Limited

Agent Bank

on 1st November, 1988.

### Siemens nine-month sales rise

By Haig Simonian in Frankfurt

SALES AT Siemens, the West German electronics and electrical group, rose by 7 per cent to DM39.7bn (\$21,23bn) in the first nine months of the current

business year, which ends on September 30. After tax profits increased by 2 per cent to DM969m against the corresponding period last year. The boost came thanks to a substantial upswing in the third quarter of the current business year, which has more than made up for lower earnings in the first half of the

ating profit was R1.71bn, inter-

est payments totalled R1.38bn

and the year's pre-tax profit

Dr Conrad Strauss, managing director, expects profits to grow as quickly in the second half as in the first. Standard

has been particularly aggressive in lending to house buyers

and held its mortgage interest

rates below those of competi-

The rates are now in line

with those of competitors and

the bank hopes to increase its total mortgage lending to

R2.7bn by the end of the year from R2.1bn at the end of June.

Lending to corporate and pri-

vate borrowers is expected to slow in the wake of higher

interest rates
The first half's earnings per

share increased to 108 cents

tors until June 30.

year, said the company. Last month, Mr Karlheinz Kaske, the chief executive, predicted that profits for the year would "not be below, and very likely above" those for 1986-87, when Siemens made DM1.28bn after tax.

Domestic sales rose 8 per cent to DM19.8bn in the nine months, while exports increased by 6 per cent to DM19.9bn. Meanwhile, new order levels increased by 7 per cent to DM40.5bn.

The figures confirm the

pick-up in the group's domestic business, which had been lag-ging overseas sales in the early part of the year. Domestic new orders at the nine-months stage of DM17.4bn were 1 per cent above the level at the same time last year, while new orders from abroad rose by 12 per cent to DM23.1bn.

Despite the unturn, Siemens gave no indication as to the likely course of its dividend, which was cut by DM1 to DM11 a share last year following a 13 per cent fall in profits.

#### South African bank raises first-half profits By Our Frankfurt Staff By Jim Jones

in Johannesburg. STANDARD BANK, the former South African associate of Standard Chartered of the UK. suffered from narrower lending

margins in the six months ended June 30, but increased However the fall was exclusively due to currency factors, according to the group, and profits, which were again "satisfactory," will be sufficient to pay an unchanged dividend. profits with greater lending. Total advances increased to R21.1bn (\$8.61bn) on June 30 from R18.5bn on December 31,

with R1bn of the increase com-ing from mortgage lending. The interim operating profit Last year, the Munich Re-raised its dividend by DM1 to before interest payments rose to R994m from R785m in the DM10 a share on turnover corresponding period of 1987.

to DM11.95bn. After-tax profits were DM56.6m. R842m from R666m and the interim pre-tax profit was R152m against R120m. In 1987 as a whole, the oper-

Domestic premiums rose in the 1987-88 business year, which ended on June 30, with life re-insurance showing the higgest increase. However, for-

PREMIUMS AT Munchener Ruckversicherung (Munich Re), the world's largest reinsurance company, fell by just under 2 per cent in the 1987-88 business year to about DM11.7bm (\$6.25bn). eign premiums fell owning to the strength of the D-Mark. Full results will not be released until later in the year, but the group said underwriting losses on reinsurance would be about the same as last year's loss of DM406m. By contrast, the group said the general business result, which comprises investment income, would be above the DM1.1bn

### **Currency factors depress** premiums at Munich Re

reported in 1986-7.

A very substantial allocation to the provision for expected claims fluctuations was again likely, while reserves were also likely to be strengthened, said

Liability and motor reinsurance remained unsatisfactory, it said, while natural catastrophes as well as large claims had also had a notiveable affect on results.

### Setback for Bayernhypo

By Our Financial Staff

BAYERISCHE Hypotheken-und Wechsel-Bank (Bayer-nhypo), the West German bank, said yesterday that total operating profits fell in the first half of 1988 despite favour-able developments in trading on the bank's own account. The bank did not give a fig.

The bank did not give a fig-ure, but said group partial operating profits had fallen by 13.4 per cent in the first six months of this year. First-half parent partial operating profits fell 14 per cent to DM375.9m (\$201m) from the DM437.6m

earned in half of 1986.

Bayernhypo also said its writedown requirements had fallen sharply in the first half from 92 cents and the interim dividend has been raised to 27 cents from 22 cents. Last year's full earnings were 225 cents and the year's dividend was 82 of 1988.

risk position had improved when compared with the end of 1987. Problems associated with risk countries had not diminished overall, but Bayer-nhypo's level of unsecured loans was showing a down-wards trend. Risks linked to domestic business had also

diminished.

Mortgage business had picked up sharply in the second quarter of this year after a slow start to 1988. This reflected a trend towards

higher interest rates
Non-mortgage loans rose
slightly, to DM23.4bn at the
end of June from DM23.1bn at the end of last year. Customer deposits rose to DM29.8bn from

### The bank considered that its Hafslund woos foreign holders

By Karen Fossii in Oslo

HAFSLUND NYCOMED, the diversified Norwegian group with main interests in pharma centicals and energy, is seek-ing to increase the limit on the foreign ownership of its voting shares to 33.3 per cent from 20 per cent.

The move is an attempt to bring fresh capital into the company in preparation for a possible new share rights

Hasslund is the second largest company, behind Norsk Hydro and ahead of Saga

ing also to expand to 50 per cent the non-voting shares

available to foreigners. • Dyno Industrier, the Norwegian diversified industrial group, has acquired the UK formaldehyde products busi-ness of Swiss-based Ciba-Geigy

The purchase will put Dyno among the world's top three producers of formaldebyde,

Dyno a 50 per cent UK market share for formaldehyde prod-ucts, with an annual produc-

Petroleum, on the Oslo Stock Exchange in terms of market value, which is estimated at NK65hn (\$55m).

Approval must be given by the Ministry of Finance to increase foreign ownership.

Hafshund says that it is seeking also to expand to 50 per behind US-based Borden and Georgia Pacific, with an annual production of 400,000

The acquisition also gives tion at the Duxford (near Cambridge) site of 100,000 metric tonnes and annual sales of

### Seoul not to ease control of central bank

By Maggle Ford in Seoul

INCREASING demands for financial liberalisation in South Korea have been rebuffed by the Ministry of Finance, which has made it clear that it will not relinquish control of Bank of Korea, the central bank.

The ministry's signal follows a decision by the heads of the top five commercial banks to make public their request for independent directors. At present the top executives of the commercial banks and the governor of Bank of Korea are appointed by the Government.

The ministry is expected to announce today that the Office of Bank Supervision and Examination, at present a sub-sidiary of BoK charged with overseeing the commercial banks, is to be hived off and placed under direct govern-ment control. It will also supervise non-banking institutions. The central bank will remain under the control of the minis

The decision follows a mounting campaign by South korean businessmen for the Government to deregulate the

financial sector and introduce a Western style money market, and an independent central bank. The campaign, which groups BoK, the securities industry, the biggest business groups, most foreign financial institutions and now the commercial banks, has been backed by the opposition par-ties in the National Assembly.

Businessmen have argued that the South Korean econ-omy is now too large and too complex to be run by economists whose skills have been well attuned to a developing experience in the financial

The ministry and other gov ernment economic planners have resisted the campaign, arguing that it will lead to cen-tralisation of economic control in the big business groups. Government agreement for change is essential in the case of the commercial banks, which are saddled with nonperforming assets amounting to as much as 8,000bn won (\$11.08bn) as a result of government-enforced bailouts of bankrupt companies.

This announcement appears as a matter of record only.

**JUNE 1988** 

U.S. \$150,000,000



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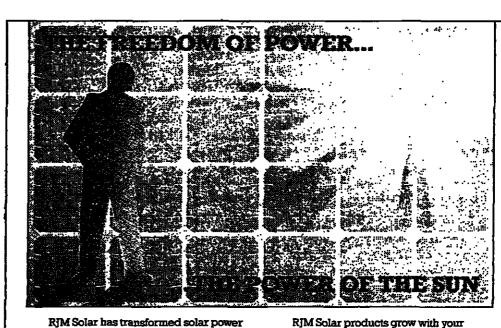
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Notice is hereby given that the interest payable on the relevant Interest Payment Date 8 August 1988 against US\$100,000 nominal of the Bonds will be US\$8,452.15. This amount has been calculated by reference to the US Dollar Yen exchange rate US\$1.00 = Yen 131.65 of 2 August 1988 in Tokyo.

DKB International Limited Agent Bank 3 August 1988

sas

SPAREKASSEN SDS (a savings bank established under Danish banking law)

¥5,000,000,000

Floating Rate Notes Due 1993

In accordance with the Terms and Conditions of the Notes, notice is hereby given that the Rate of Interest for the Interest Period from 3rd August, 1988 to 3rd February, 1989 being the first Interest Payment Date (all as defined in the Terms and

Conditions), is 4.97% per annum.

Interest payable on 3rd February, 1989 will amount to ¥2,505,425, per ¥100,000,000 principal amount of the Notes.

Agent Bank

The Long-Term Credit Bank of Japan, Limited

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### INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Dollar Tare ECU

D-Mark 1

**Bold bid** 

for lead

Ecu role

By Stephen Fidler

THE EUROPEAN Currency

Unit, created in 1979 at the birth of the European Mone-

tary System, is the most suc-cessful artifical currency ever

This, however, says more about the failure of other com-

posite currencies, such as the

Special Drawing Right, to find a use in the international

financial system than of any

runaway success of the Ecu.

The Ecu – composed of a

weighted basket of 10 Euro-

pean Community currencies (if you count Luxembourg's) with

the likelihood that they will soon be joined by the curren-cies of Spain and Portugal-has had a chequered history,

moving in and out of fashion with potential users.

by several factors, including

the lack of a so-called lender of

last resort. Unlike national

currencies, it is not backed by a central bank. There has been

hardly any link between the private Ecu - Ecu-denominated

bank deposits, bonds and the like – and the official Ecu, the

unit of account in which the

European Community's

finances are denominated. Fur-

thermore, there has been a lack of short-term Ecu-denomi-nated investments for

of the European currency. It has, they say, the potential to significantly expand the Ecu The Bank of England is expected to publish a paper in

ducted, but the tenders are expected to be run, perhaps monthly, along the lines of the current UK Treasury Bill ten-

The offerings, unlike ster-ling T-Bills which are backed by the British discount houses, are not likely to be underwrit-

Its growth has been slowed

### Treasury plays a practical card

Simon Holberton examines the Government's refinancing strategy

kept cropping up in official explanations of yesterday's Government decision to redeem a 1985 \$2.5bn floatingrate note loan and refinance part of it through the issue of Treasury bills denominated in European Currency Units it

as "practical." While European politicians and European Community officials have been pushing the idea of a common monetary policy and a European central bank, the Treasury and the Bank of England were able to sank of England were able to sit back and point out that Britain was taking a positive step towards the greater use of the Ecu — Europe's hybrid

As one official noted yesterday, the creation of an Ecu Treasury bill market had more attraction than the top-down approaches voiced on the Continent, important as they are to the debate about European monetary policy. Moreover, it is in line with the Prime Minister's comments on European monetary issues about the need to take practical steps and not theoretical leans. in terms of debt manage-

ment, yesterday's maonoeuvre means the Government can expensive funding at a lower cost - the pound has apprecities may also seek to finance

1985 - and exchange it for vir-tually costless funding. It believes it can borrow in Ecus and invest the proceeds at a better rate in other bonds. while at the same time creating a new market for Ecu

Officials noted that the Government does not need the money but would like a continuing presence in the mar-ket. The Ecu was chosen in preference to issuing dollar denominated bills in London or the US to make a contribution to the development of the Ecu and closer European monetary co-operation.

The Government can now claim to have created the first international short-term market in Ecus. Although the Italian Government refinances part of its large short-term debt through the issue of Ecu bills, and to date there are about Ecu2bn outstanding, it is largely a domestic market and has strings attached.

The Government's proposal is for bids and settlements in Ecus and its market is other central banks, international investors and companies. It hopes this will be the beginning of a new market in Ecu debt based in London and that, part of their short-term public debt the same way. Two other factors, however,

stand out as important reasons for the Government's decision to redeem the 1985 FRN and to issue Ecu debt: the massive rise in official reserves and the desire to diversify the currencies held as reserves.

A lot of foreign currency has

sloshed into the Treasury's cof-fers since it decided to top up the UK's reserves in 1985 with a foreign borrowing and since it repeated the exercise with a \$4bn FRN offering in 1986.

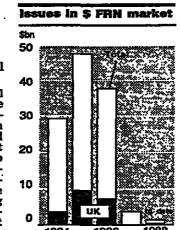
Since the beginning of last year it has been the recipient of a large and unanticipated accumulation of reserves. Indeed, since January 1987 there has been an underlying rise in official holdings of for-eign currencies of about \$25bn. This accumulation occurred primarily because the Government pursued a policy of sterling stability against the D-Mark.

Its obligations under the Louvre Accord of February last year to engage in collective action with other Group of Seven countries to promote exchange rate stability also resulted in the rise in reserves. The Government's desire to have some say over the value of the pound was again under-lined yesterday by the release

of official figures showing an underlying rise of \$910m, a rough guide to the level of offi-cial intervention in July to stem the rise of the pound.
A spin-off from the Ecu bill programme will be the accumulation of European currencies. D-Marks, French francs and Dutch guilders account for about 35 per cent, 18.5 per cent and 11 per cent respectively of the Ecu, so it will lead to a progressive diversification of the UK's international

Although there is no practical reason why this diversifica-tion can not be accomplished by the Bank's own foreign currency operations, in reality the UK has run into problems by its attempts to diversify its reserves. Last December, the Bundesbank, the West German central bank, was critical of attempts by the Bank of England, on the Treasury's instructions, to buy D-Marks as it was seen to work against G7 policy to stabilise the dol-

More recently the Bank, in its currency market interventions, has been accumulating a basket of European currencies. This was done so as to pre-serve the stability of the exchange rate mechanism of the European Monetary Sys-



nated sector of the market so

### Faulty wire report stuns Eurocurrency Interest Australian dollar sector

ACTIVITY IN the Eurobond market remained thin yester-day and was largely restricted to professional book squaring ad of today's US Treasury quarterly refunding announcement, with little trading incentives offered by movements on the foreign exchanges.

The floating-rate note sector enjoyed a brisk burst of activity on the announcement that the Treasury would call the UK \$2.5bn issue due 1992, and prices of comparable sovereign issues in the sector were marked higher. However, syn-dicate activity was minimal.

Australian dollar sector spe-cialists were taken aback by a cialists were taken aback by a news agency report that the state of New South Wales faced possible bankruptcy, having rnn up debts totalling A\$46bn (US\$38.3bn), little abort of the total Australian federal debt. Prices of outstanding State Bank of New South Wales and New South Wales Treasury issues were marked down by issues were marked down by about half a point initially, although dealers detected little real selling pressure from retail accounts.

The report said the state government planned a radical programme of spending cuts to deal with the problem but the story was later corrected to remove references to imminent

bankruptcy.

Dealers said the report's impact had been limited to the

state's own issues and they had not detected any ripple effects throughout the rest of effects throughout the res the semi-government bond sec-

Some said a delayed reaction might be seen in Australian markets today but many added that the report did not contain any particularly new information which would seriously jeopardise perceptions of the state's credit rating.

Eurodollar bond prices were marked marginally higher on

INTERNATIONAL BONDS

marked marginally higher on

limited short covering but in continued low volumes ahead of the refunding details and of Friday's US July employment report. The 1.4 per cent rise in US leading indicators for June was as expected and had little

announced the details of its forthcoming auction of shortdated stock and said it would auction £750m of Treasury 8½ per cent stock due 1994. This was broadly in line with expectations and failed to move the gilt-edged and Eurosterling markets significantly, although dealers reported an improve-

West German bond prices received a boset from the marginally easier initial tone of the US dollar but volume remained thin and final gains were limited with some short-covering seen ahead of the announce-ment of the details of the new federal government bond

expected shortly.
In the day's sole new issue,
LTCB international led a Yoba
five-year issue for PK Banken priced at 100.10 with a coupon linked to the yen swap rate. Daiwa Europe fixed the

terms on its recent four-year \$300m equity warrant deal for Sumitomo Metal Mining with the coupon set at 4 per cent as No new equity warrant deals smerged yesterday, indicating that the temporary suspension

that the temporary suspension of issuance in the sector appears to be holding up, although a few new issues are expected to emerge before the end of the week. Dealers said the few days' break had already resulted in a marked improvement in centiment. aiready resulted in a marked improvement in sentiment. The Sumitomo deal was quoted hid at a discount of 97, compared with a par issue price and total fees of 2%.

Provinsbanken, one of Den

mark's top four commercial banks, has established a US commercial paper programme for up to \$250m to diversify its international funding.

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### FRN call sparks busy trading

By Our Euromarkets Staff

THE PROPOSAL to call the .5bn UK floating-rate note failed to rock the FRN sector, where a move of this sort had been anticipated for some months. However, the announcement provided FRN traders with their briskest day's business for some time as investors switched into comparable sovereign paper.

Dealers mourned the passing of the issue and few held out much hope that its place in the sector would be filled by new paper from similarly presti-gious borrowers, which are able to achieve more efficient cost of funds via swaps out of

Although a popular issue,

the \$2.5bn UK issue did not trade as actively as its fol-low-up - the \$4bn UK notes due 1996 issued in September 1986, fondly referred to by dealers as the "new" issue - and its redemption was not expected to affect liquidity in the

sector greatly.
This was the first available call date on the old issue, while the first call on the \$4bn 1996 issue is in 1991. The new issue. firmed markedly on the announcement of the call while other dollar-denominated FRNs for sovereign and supra-national borrowers were also marked higher. However, dealers noted that the majority of business was professional, with

little interest from retail accounts detected as yet.

Traders agreed it was still too early to fully assess the impact of the issue's redemp-tion on the market. Although the rest of the sector received an initial boost, many fear that investors may not decide to reinvest their funds in US dollar FRNs, which have not commanded centre stage in the Eurobond market since trading practices and liquidity col-lapsed for a period in the first helf of 1987 half of 1987.

Persistent fears about largescale dollar investment have meant that sterling FRNs have eclipsed the dollar-denomi-

### W Hunt issue taken up

By Michael Marry in Hong Kong

THE LARGEST share offering by a Hong Kong company since last year's stock market crash has been successfully com-pleted, bringing in about HK\$1.2bn (US\$153.8m) for William Hunt Holdings to help finance its purchase of a hotel

The offering consisted of an open offer to existing sharebolders in Hong Kong and an international placing. Brokers said that more than half the

shares were placed abroad. The proceeds will finance part of the cost of the 67 per cent stake in the Australiabased Southern Pacific Hotel Corporation acquired by William Hunt from Mr Tan Sri Khoo Teck Puat, the Malaysian

mancier.
William Hunt is being partnered in the HK\$30n deal by the Pritzker family of the US, which owns the Hyatt hotel

Saudi developer plans flotation By Finn Barre in Riyadh

MAKKAH, THE Saudi Arabian property development and con-struction group, is to go public, with an issue on the Saudi stock market planned for later Makkah has an authorised

capital of SR1.36bn (\$362.6m). Shares worth SRIbn will be placed with founding share-holders, while the remaining SR336m will be placed with the

This announcement appears as a matter of record only.

July, 1988



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The Industrial Bank of Japan, Limited International Westminster Bank PLC Westpac Banking Corporation

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**Bank of America** 

FT INTERNATIONAL BOND SERVICE It is against this background that the UK Government made its surprise announcement that it will sell Treasury Bills short-term money market instruments - denominated in Ecu. The news was greeted enthusiastically by proponents

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An initial offering of discount notes, likely to carry one, three, and six-month maturities, of up to Ecu500m will be made, with total outstandings growing to Ecu1bu-2bn. The notes will be treated in the some way as sterling. in the same way as sterling freasury bills, which means that foreign buyers will not be required to pay UK taxes.

The Ecu T-bills will give the Bank access to short-term foreign currency markets at very competitive interest rates. Given the experience of other sovereign borrowers in the

Eurocommercial paper mar-ket, the Bank might expect to achieve rates of about 4 per-centage points below London interbank hid rates (Libid). It could also help London to steal a march on other European financial centres in the growing Ecu financial market. London is already one of the three main centres for trading Ecu, with Brussels/Luxembourg and Paris, which is probably the largest.

It may not be long, therefore, before other European Governments follow suit — a

disappointment for dealing firms in the Eurocommercial paper market which may have hoped that they would be bringing these Governments to the short-term money markets, in the way they have done for Sweden and Spain.

Italy is the only country to have done anything similar.

It seems likely that foreign central banks will be the main buyers of the bills, although institutional investors and perhaps some corporate trea-surers will be interested. Because the bills will yield less than their cost of funds, banks will probably not be sig-nificant holders of the paper, except as traders in what could develop into an active market.

the move seems likely to help the other Ecu markets. Ecu bond issuance amounted to about Ecu8bn last year, equivalent to almost 5 per cent of the market, and Ecu Eurobonds outstandings now total Ecu34bn. Short-term Ecu bank denosits amount to Ecu35bn. deposits amount to Ecusion of which non-banks account

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Problem areas hold back

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By Huge Dixon

UNITECH, the electronic components manufacturer and distributor, yesterday reported a 9 per cent increase in pre-tax profits to £14.7m for the year to May 28. The results were in line with indications given by the management in February that the second half would be flat.

Two problem areas were 260 the management in February that the second half would be flat.

The two problem areas were represent for the two problems are the two problems.

the US computer manufacturer which is its largest supplier. DEC has decided to sell more of its components directly rather than through distributors.

Mr Peter Curry, Unitech chairman, said there were signs that the slowdown at Rapid Recall was coming to an end.

Unitech's other distribution companies — Walmore Electronics and Celdis italians — increased their profits, but not enough to compensate for the

enough to compensate for the downturn at Rapid Recall. The division saw its profits fall by 6 per cent to £4.9m.
Rathdown Industries was hit
by a decline in orders from

Molynx doubles to

£381,000 midway First half pre-tax profits more than doubled at Molynx Holdings, manufacturer of equipment for the closed circuit tele-

Bric in River vision industry. Sales in the six months to June 30 rose to £3.2m, against £1.34m, which generated a pretax result of £381,000 (£181,000).

Payminos ner 20n share were Earnings per 20p share were up from 8.4p to 4.8p.

Polly Peck

Polly Peck, agriculture, electronics and textile group, is to buy out minority sharehold. ers in Rainbow Orient Corporation, a Hong Kong company in which it holds 96.6 per cent. Its offer of HK\$5.10 a share could result in a total outlay of HK\$17.95m (£1.34m).

Share price (pence)

1987 1988

British Telecom, it largest customer. The connectors and special products division, which includes Rathdown, saw its profits drop by 47 per cent to

El.7m.
Mr Curry, said, however, that following the recent liberalisation of the UK payphone market, the company had attracted two new customers. The power supplies and con-trol products divisions both increased their profits - from

#### the group achieve pre-tax profits of about 220m for the year, giving 21p in earnings per share. But, barring particularly shrewd acquisitions which Uni-tech has not so far been noted £2.7m to £3.3m and from £1.3m to £3.3m respectively. The group tax charge for, prospects an increased to 36.5 per cent (33.6 At a price of 23 per cent), as a result of higher are fully valued. for, prospects are unexciting. At a price of 239p the shares

By Philip Coggan

SHANDWICK, public relations group, has made another round of acquisitions as part of its world-wide expansion plans. The company is paying an initial total of 66.1m for five public relations groups in Australasia, the Netherlands and

the US. Two of the companies, IPR Australia and IPR New Zealand, are part of the IPR net-work, a loose federation of international public relations

groups Shandwick acquired the founder and largest company in the group. Tokyo-based International Public Relations, earlier this year.

Shandwick steps up world-wide expansion The other three acquisitions are Dutch-based Voorhoeve, and in the US, Hi-Tech Public Relations and A Brown-Olms-

tead Associates. The US com-

panies are based in San Fran-cisco and Atlanta respectively.

overseas earnings. Post-tax

profits were £9.6m (£9m) and

earnings per share were 19.8p

(19.2p). The directors propose a final dividend of 5.96p, for a total of 9.065p (7.66p).

Unitech seems set for another year of slow growth in 1988-89.

Although the group points out

that the slowdown at Rapid Recall is coming to an end, the end has not yet arrived. And, while the new liberalised mar-

ket for payphones could become an attractive business

in the future, it seems unlikely

that Rathdown Industries will

be able to do better than mark

time this year, given the drop in orders from BT. Profits from

power supplies and control products should continue to

grow, but not as rapidly as last

year, now that the data pro-cessing industry seems to be entering a period of slower growth. The extra £50m in cash from Elektrowatt should help

O COMMENT

Readicut buy

Readicut International, the specialist textile manufacturer. has announced the acquisition of Fox Umbrella Frames from leampace, a private company, for £1.4m in cash, Last October. Readicut acquired another umbrella-maker, William Hoyland, for £7.5m in cash and

### **Yorkshire** Bank 14% up at £48m halfway

**UK COMPANY NEWS** 

By David Barchard YORKSHIRE BANK group

yesterday reported an increase of 14% in pre-tax profits for the first six months of 1988. Net interest income rose by

13 per cent to £81.7m (£72.2m) while total assets were £2.75bn (£2.18bn). Pre-tax return on total assets was 1.74 per cent. Lending to commercial cus-tomers grew by £160m during the six months to stand at £763m (£555m) and the bank's mortgage book stood at £140m at the end of June compared

with £38m a year ago.
During the first half the bank launched its own Visa card and over 150,000 have

The bank has more than 2.5m accounts for the first

#### Yorkshire Chemicals ahead by 35%

A 35 per cent increase in pre-tax profits from 22.59m to £3.49m is reported by York-shire Chemicals for the six months to June 30 1988.

The directors of this Leeds-based maker of dyes, tanning materials and speciality chemicals, have stepped up the interim dividend by 50 per cent to 3p.

Turnover rose to £27.05m (£24.15m) and they said recent organic development acquisitions had considerably broadened the sales opportunities available. The programme of translations to the programme of translations to the programme of translations. investment to increase capacities and contain costs was being accelerated. The company's objective was to estab-lish a firm basis for sustainable long-term growth.

For the current year they

anticipated a further significant improvement in earnings per share provided world trade and exchange rates remained close to present levels.

Earnings for the half year rose from 11.6p to 15.7p basic and to 15.2p (11p) fully diluted. Tax charges totalled £698,000 (£532,000).

#### McCarthy & Stone in £19.6m placing to fund purchase By Andrew Hill

MCCARTHY & STONE, expected to begin on August retirement home specialist is to raise about £19.6m, after

The proceeds will be used partly to fund the proposed acquisition of Merlin Immobilier, French holiday apartment business. On July 5, the group announced it was offering FFr 156.98m (£14.5m) for Merlin. County NatWest and de

Zoete & Bevan are to place 20m cumulative redeemable prefer-ence shares with institutional and corporate investors at just below the par value of £1. The shares will be redeemed at par on October 1 2003. Dealings are

McCarthy said the balance of

borrowing. It took out a £100m multi-option facility (MOF) in March 1987, later extended to £150m, of which £104m is committed. In May, it put in place a £50m commercial paper pro-gramme to supplement the MOF.

The shares fell 4p to close at

ABACO INVESTMENTS has acquired Foundry Management & Design Co, a technical consultancy for the foundry indus-try. Abaco is the professional services arm of British & Commonwealth Holdings FMD will join Technical Audit Group, the holding company for Abaco's technology-based con-sultancies.

of their holdings of 1.72m shares (16.3 per cent). In addition, Investors in Industry (31), Save and Prosper Group, Kleinwort Grieveson Investment Management and Throgmorton Investment Management have indicated their intention to accept the offer in respect of an aggregate holding of 3.69m Babygro shares (35.1 per cent).

BRITISH SYPHON Industries, industrial group, is selling Graphic & Display Products to Hartons Group for about £2.4m cash. Hartons will also settle GDP's indebtedness of about \$3.4m. British Syphon has retained the freehold properties occupied by GDP and intends to sell them to raise

has acquired Cambus Foods through its subsidiary T and L (Fine Food and Wine) for £500,000 cash. Profit for the year to March 31 1988, after adjusting for directors' remuneration, amounted to £196,000. Net assets at the date were £280.000.

ERSKINE HOUSE: Rights issue of new 7.25p convertible cumu-lative redeemable preference shares taken up as to 20.6m shares (79.4 per cent).

INOCO: a subsidiary of Monaco Group Fund has purchased 2.58m ordinary, and the share-holding of Monaco and its associates now amounts to 62.58m (48.48 per cent). Mr D. Row-

Park has bought Landsaver per cent stake in Mariborough.

company was formed in undertaken. NSM had traded very satisfactorily in the first

OSPREY COMMUNICATIONS has acquired a small design studio, Elsey Sidaway and Wallace, for £135,000 to be paid satisfied by the issue of 523,255 ordinary shares.

SPANDEX, supplier to the signs industry, has bought 80 per cent of Signes Diseno, Spanish signmaker, for an undisclosed sum. The balance will be bought within the next five years on a profit-related

SOUND SYSTEMS: the offer from Telephone Rentals has become unconditional in all respects. Acceptances have been received in respect of 650,000 (100 per cent).

### Pacer results hit by US defence cuts By Clare Pearson

A SUDDEN cut in US defence spending slashed pre-tax profits of USM-quoted Pacer Systems, the US electronics defence contractor, from \$707,000 to \$132,000 (£76,744) in the six months to end-June. Turnover fell to \$15.15m from \$15.94m.

At the end of April, the Defense Department deferred new contracts, and further work on existing ones, after it had discovered its spending was some \$2.5bm ahead of levels agreed with Congress last autumn, Pacer explained.

Unexpected losses of about \$450,000 incurred at Sea Data, the manufacturer of oceanographic measurement and data acquisition equipment which Pacer bought last year, also cut

the pre-tax figure.
Nevertheless, Mr Jack Rennie, chairman, said he believed firmly in Pacer's prospects for recovery in the second half. He said the US Defense Department continues to place the highest priority on anti-subma-rine, amphibious and mine warfare and wargaming, the areas for which Pacer supplies software-based systems and consultancy.
An \$18.9m five-year contract

from the US navy for airborne anti-submarine warfare programs had brought Pacer's order book at June 30 to \$52m, double its level at the same point in 1987.

Meanwhile, a recent report by the US navy on Pacer's Bal-last software package, which enables a ship's crew to analyse the stability and trim of a

ship, had marked a "breakthrough," Mr Rennie said. Although no firm orders had as yet emerged, Pacer had received verbal indications that the US navy would outfit ten of its FFG-7 class frigates

with the system. Fully diluted earnings per share came out at I cent (7 cents). But the interim dividend is unchanged at 2.5 cents per share.

• COMMENT

Considering the Defense Department precipitously put on hold orders that Pacer had budgeted for these results looked creditable. But they still showed the extreme vulnerability of the company to the whims of the authorities notwithstanding that the importance attached by defence authorities world-wide to anti-submarine warfare means it is basically in a growth market. The products division too has been given a boost by the US navy's report on Ballast. Mr Rennie says European defence authorities have been waiting on the US decision; but US orders alone could be four or five times as high next year as the ten frig-ates being talked about now. Pre-tax profits next year could be around \$2.25m; but this year they will not be much above \$1m, giving a prospective p/e over 14, which seems quite enough. The directors have a controlling interest, so though Pacer's order book must look attractive, there seems no pros-

#### Waverley Cameron reveals plans for acquisitions as losses fall By David Waller

pect of a bid.

WAVERLEY CAMERON, the small loss-making Edinburgh stationery company subject to a bitter bid battle at the begin-ning of the year, yesterday gave some details of its acquisitions plans as it reported reduced losses for the 15 months to the end of March.

Mr Jimmy Gulliver, the Scottish financier and former chairman of the Argyll supermar-kets group who took control of Waveriey in February after fighting off a rival bid from Flavell Communications, said future acquisitions would be concentrated on four areas: stationery; manufacture, mar-keting and distribution of high quality consumer goods; retailing; and a service and corpo-rate communications consultancy in Scotland. To date, there has been only

one acquisition, that of Ronald Martin Groome, with interests including gift stationery. The deal, yet to be completed, takes the form of an agreed share bid valuing RMG at about £29m. Waverley's pre-tax losses fell from £210,000 to £176,000, on lower turnover of £3.16m (£3.35m). Losses per share were

static at 2.87p.

To the Holders of

#### COLLATERALIZED MORTGAGE OBLIGATION TRUST THENTY-TURE

Class A Floating Rate Bonds Due May 1, 2017

Pursuant to the Indenture dated as of March 11, 1987 between Collateralized Mortgage Obligation Trust Twenty-Three and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period from August 1, 1988 through October 31, 1988 as determined in accordance with the applicable provisions of the Indenture, is 8.8375% per annum.

#### COLLATERALIZED MORTGAGE OBLIGATION TRUST THE THE

To the Holders of

#### COLLATERALIZED MORTGAGE OBLIGATION TRUST EIGHTEEN

Class A-1 Floating Rate Bonds Due February 1, 2017

Pursuant to the Indenture dated as of November 26, 1986 between Collateralized Mortgage Obligation Trust Eighteen and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period from August 1, 1988 through October 31, 1988 as determined in accordance with the applicable provisions of the Indenture, is 8.9375% per annum.

COLLATERALIZED MORTGAGE OBLIGATION TRUST EIGHTEEN

#### **GOTHENBURG &** WEST OF SWEDEN

The Financial Times proposes to publish this survey on:

14th October 1988 For a full editorial synopsis and advertisement details, please contact:

Chris Schaannin on 01-248 8000 ext 3699

or write to him at: Bracken House 10 Cannon Street London

EC4P 4BY **FINANCIAL TIMES**  Republic New York Corporation U.S. \$150,000,000

**Putable Capital Notes** 

For the six month period 27th July, 1988 to 27th January, 1989 the Notes will carry an interest rate of 81%% per annum with an interest amount of U.S. \$450.42 per U.S. \$10,000 Note payable 27th January, 1989.

Bankers Erust Commeny, London Agent Bani

These Securities having been sold, this announcement appears as a matter of record only

New Issue

### Can. \$100,000,000

101/2% Notes due July 7, 1993

#### ScotiaMcLeod Inc.

Commerzbank Aktiengesellschaft

J.P. Morgan Securities Ltd.

Morgan Stanley International

**RBC Dominion Securities Inc.** 

Cera-Spaarbank

County NatWest Limited

**Credit Suisse First Boston Limited** 

**Deutsche Bank Capital Markets Limited** 

Manufacturers Hanover Limited

The Nikko Securities Co., (Europe) Ltd.

Richardson Greenshields of Canada (UK) Limited

Shearson Lehman Hutton International

Société Générale Yamaichi International (Europe) Limited

July 1988

### The next best thing to tomorrow's

Mitsubishi Bank of Australia Limited

from 28th July to 28th October, 1988 the Notes will carry an

The Mitsubishi Bank, Limited

London Branch Agent Bank

Interest payable on 28th October, 1988 will amount to

Interest Rate of 12.82% per annum.

A\$1,611.26 per A\$50,000 Note.

A\$50,000,000

Floating Rate Notes due 1991

share price page. 0898 12 12 40/41

Leading shares A-K/L-Z respectively.

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEET-ING OF MEMBERS OF FRIENDS PROVIDENT LIFE OFFICE will be held at 15 OLD BAILEY, LONDON ECAM 7AP ON WEDNESDAY 14TH SEPTEMBER 1988, at 2.15 p.m. to transact the following special business: To propose as an ordinary resolution:
"THAT the limit on the aggregate amount which directors shall be entitled to receive as remuneration for their services in each year be increased from

By Order of the Director B. W. SWEETLAND Secretary 3rd August 1988

Friends' Provident Life Office, Pixham End, Dorking, Surrey RH4 1QA.

(a) A Member is entitled to appoint another person (who need not be a Member) to attend the above meeting and vote instead of him.

(b) To be valid the instrument appointing a proxy, which should be an near to the form set out in rule 30 of the Rules of the Office as circumstances admit, and the power of attorner or other authority (if any) under which it is aigned, or a notarially certified copy of that power or authority, must be deposited at Pixham End, Dorking, Survey RH 4 QA, not less than 48 hours before the time fixed for holding the meeting, or adjourned meeting, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

(c) Proxy forms may be obtained on application to the Secretary.

(d) Members intending to attend and vote personally at the meeting should

be prepared to quote their policy numbers. (e) Only Members are entitled to vote. Certain policyholders are not Members. If a policyholder who is not also a Member completes and returns a form of proxy, it will not be counted.

(f) Members have one vote each irrespective of the number of policies held. (g) Members are entitled, on application to the Secretary, to receive a copy

expenses, by a placing of the proceeds would be used to cumulative redeemable prefer increase working capital, its programme of expansion including the development of a site in southern Spain.

The group has already set up two instruments for large-scale

424p.

### COMPANY NEWS IN BRIEF

BABYGRO'S directors and their families have irrevocably undertaken to accept the offer from Robert H Lowe in respect

**CANNON STREET Investment** 

land, a director of Inoco, is taken to be beneficially inter-ested in these shares. Inoco has also disposed of its leasehold investment property in Edgbaston, Birmingham, for £3m.

MARLBOROUGH LEISURE MCP from Eagle Trust for 25m.
Landsaver, a hydroponic company, has been chosen to provide the machines which will
produce fresh grass for the
horses of the British equestrian team at the Olympics trian team at the Olympics. Eagle Trust has acquired a 10

NSM has substantially reduced overheads and made satisfactory progress in merging the two coal mining workforces, Mr Don Carr, its new chairman, told the annual meeting. April from an asset swap schame between Anglo United and Burnett & Hallamshire. Mr Carr said new sites were being developed by NSM and a review of its core activities

over two years. Agreement has also been reached to acquire Marketing Strategy, a promotions company, for which the initial consideration will be provided by the investigation of E03



Issue Price: 1011/4%

Banque Bruxelles Lambert S.A.

Crédit Lyonnais

Generale Bank

Union Bank of Switzerland (Securities) Limited

#### **UK COMPANY NEWS**

#### No approaches to Amersham despite bid speculation

Amersham International, the radioactive materials group which has been beset by bid speculation since the Government redeemed its golden share last Wednesday, has not received a takeover approach, writes David Waller.

Speaking to journalists yesterday after the company's annual meeting. Sir Edwin Nixon, chairman, said there had been no approach, despite a flurry of reports which had linked Amersham with everyone from Chuji in Japan to ICI in the UK. He expressed his conviction that Amersham should remain independent. "We want to expand," he said, "and we believe we can do that with our existing resources of manpower and

He added that, in his opinion, Amersham was not particularly vulnerable. "Any predator would have to pay a very high price,

Amersham's shares have surged since the Government announced the decision to redeem the golden share, first issued when Amersham was privatised in 1982. They fell 23p yesterday to close at 654p, up from 445p prior to last week's announcement. The golden share gave the Government a right of veto over any takeover attempt; Amersham is still protected by provisions in its Articles of Association which prevent any shareholder from taking a holding of more than 15 per cent without the consent of the

Sir Edwin told the agm that good progress had been made during the first four months of the year.

#### Plessey buys Monsanto offshoot

Plessey, electronics group, yesterday announced that it had agreed in principle to buy part of Fisher Controls, a London-based subsidiary of Monsanto, writes Vanessa Houlder. In a deal thought to be worth about £4m, Plessey is buying Fisher Controls' interests in measurement and control instrumentation for radiation measurement, environmental monitoring and control of hazardous plant. The acquisition will roughly double the size of Plessey Controls, which already supplies environmental systems to the civil and defence markets and which will manage the business. The combined turnover of the two businesses will

exceed £24m a year.
In a related deal, MBM Technology, a subsidiary of Morgan Crucible is negotiating the purchase of the servo division of Fisher Controls, which specialises in torque motors for the defence market. Morgan Crucible said that the acquisition was in line with the company's strategy of moving into the higher technology end of the components and assemblies market.

#### Labour calls for referral of RHM bid

Mr Tony Blair MP, the Labour Party's city spokesman, has added his weight to the lobby which wants the £1.7bn takeover bid by Goodman Fielder Wattie, Australasian food group, for Ranks Hovis McDougall, referred to the Monopolies and Mergers Commission, writes Ivor Owen.

The case for making a reference on competition grounds, apar from other considerations, was underlined by MrBlair when he spent nearly an hour with Sir Gordon Borrie, Director General of Fair Trading, discussing the hostile bid made by the Sydney-based food group which has extensive interests in Australia and New Zealand.

Sir Gordon is expected to decide by the end of the month whether bid should be referred. In general, the OFT attempts to reach a decision by the first closing date of a contested bid. The

GFW offer document has yet to be published.

Mr Blair warned that if the takeover went ahead GFW would probably have to find more than £100m per annum to repay the £1bn it plans to borrow to finance the bid.

He contended that this would not only result in a squeeze on investment but almost certainly lead to a substantial reduction in the present level of competition in bread prices, particularly in the supermarkets chains where RHM vies with Allied Bakeries in discounts on bulk orders. Yesterday, RHM shares eased 6p to 460p, 5p below the Goodman

#### **DIVIDENDS ANNOUNCED**

	Current payment	Date of payment	corres - ponding dividend	for year	last year
Murray Ind. Tstint	1.75	-	1.75	-☆	5
Priest(Benjamin)(in	0.4†	-	0.38	0.6	0.5
Securicor Gpint	0.4	Sept 30	0.36	_	1.18
Security Servsint	0.84	Sept 30	0.76	_	2.27
Unitechfin		Oct 3	5.04	9.07	7.66
Yorks Chemicalsint	3		2	_	7

Dividends shown pence per share net except where otherwise stated "Equivalent after allowing for scrip issue. 10n capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted stock. \$Third

#### ROARD MEETINGS

DOMIND II	ieei mas	
The following companies have notified dates of board meetings to the Stock Exchange. Such meetings to susually held for the purpose of considering divisiends. Official indications are not available as to whether the dividends are intorims or finals and the subdivisions shown below are based mainly on lest year's timetables  TODAY  Interims—Eltern AYS. Glymwed Intl. Finals—CAP Group, Date Bectric, Lawrie, Radlant Metal.	MTM Mining & Allied Suppl. Mew Tokyo inv Tst. Plasmec Practical Inv. Tst. Robinson (Thos.) Scoti's Restaurani S'hampton IOW Stm. Pokt. Spong Hidgs. Taylor Woodrow TR City of Lon. Tst. Tarry (E.W.) USDC inv. Tst. Varstage Secs. WPP Group.	Sept. 6 Aug. 4 Aug. 9 Aug. 16 Aug. 9 Aug. 4 Aug. 8 Aug. 23 Aug. 4 Aug. 4 Aug. 4 Aug. 4 Aug. 4 Aug. 11 Aug. 4 Aug. 11 Aug. 5
FUTURE DATES	Finale- Anglo Am. Ind. Corp.	Aug. 30
Aillance Tst. Aug. 12 Arey Hidge. Aug. 5 Botswans RST Aug. 8 CSC inv. Tst. Aug. 8 Aug. 18 Hidge 8 Hill Ct. 5 Kleinwort O'sess lav. Aug. 18 Lipsrty Lip Assn. Africa. Aug. 18	Geribel Invs	Aug. 18 Aug. 9 Aug. 5 Aug. 30 Aug. 71 Sept. 9 Aug. 4 Aug. 10

### Japanese to get their teeth into Bonio

By Christopher Parkes, Consumer Industries Editor

ON THE heels of McDonald's popular breakthrough with hamburgers, and Unilever's introduction of Fish-Oh Fingers, the Japanese market's appetite for western foods is soon to be tested again...with Bonio dog biscuits, Kattomeat and Winalot Prime.

Spillers Foods, part of Dalgety, has signed a marketing agreement with Asahi Breweries to start shipments to Japan next year of some of its best-known products.

The object is to carve out a share in the fastest-growing prepared petfood market in the world. According to Spillers, only about 20 per cent of Japanese cats and dogs are fed packaged products. Cats, like their owners, traditionally dine on fish, while many dogs make do with table scraps.

However, sales of prepared catfood are growing at 15 per cent a year and dogfood is increasing by 30 per cent. Consumption of canned products for dogs is going up

by more than 40 per cent annually, despite high prices. A can of Winalot Prime, for example, will probably sell at about £1 a can, compared with

35p in the UK. Although household pets are not especially popular in Japan – there are only 11m cats and dogs in a country of 120m humansagainst 14m in Britain, with a population of 57m - the market is already

worth £500m at retail prices. A local company, Nippon Pet Food accounts for about 23 per cent of that, with Mars, the world's biggest producer, trailing with 10 per cent.

The rest of the market is highly fragmented, with most suppliers depending on imports. There was nothing unusual in Japan importing dog biscuits from halfway round the world, Spillers said.

With relatively little agricultural land, and few farm animals, Japan is understandably short of the offal which is one of the main ingredients of petfood.

Asahi has undertaken to promote the products on television and distribute them through its established channels into the retail trade. But Spillers is under no illusions. Its first year sales target is a modest £1m. "We know this will be a tough market to break into, so we are going to take it slowly but surely, just as the Japanese in our market," Mr Graham

#### Wagon receives

Robson, chief executive, said

yesterday.

82% acceptances Wagon Industrial Holdings has

received acceptances for 81.6 per cent of ordinary shares and 87.9 per cent of preference shares in Banro Industries. The all-paper offer for ordinary shares is unconditional and remains open. The 107p cash terms for preference shares, double the price at which they were trading before the bid was launched, is not yet unconditional.

Mr Edward Rose, Banro chairman, who was to have become life president of the enlarged group, has died after

### Liberty plays welcome role at TR

Nikki Tait on the mutual benefits of the US insurer's 15% stake

"LET'S BE honest, a year ago the press in effect put a For Sale' sign over Touche Rem-nant." So says Mr Paul Man-duca, vice-chairman of the City-based fund management group and Britain's largest

investment trust house. He is not exaggerating. Speculation over the unquoted group started to mount in the autumn of 1986, and in October TR confirmed that it was in talks with Metropolitan Life Insurance of New York, the world's third largest life com-

Discussions dragged on for several months, before price was finally blamed for the fail-ure to reach agreement. But by then ructions within the company's management were com-ing to light — leading to a boardroom reshuffle and subse-quent acrimonious departure of Mr Peter Gray, former managing director. The wrangle over Mr Gray's options is still in the hands of lawyers a year

No sooner had the Peter Gray affair eased out of the headlines, than Mr Richard Thornton launched a bid for the £240m TR Pacific Basin fund, one of the largest of the 11 investment trusts then managed by TR. Hard on his heels were other predators/agitators at the TR Technology, TR Nat-ural Resources, and (more discreetly) TR North America trusts. While corporate activity in the investment trust world has scarcely been a novel feature over the past year, the implications at Touche dug

For the company, ahead of the purchase of a 15 per cent stake by US insurer, Liberty Mutual announced yesterday, was wholly-owned by the investment trusts it manages. This slightly unusual structure dates from the early-seventies when Touche Ross, the inter-national accounting company, hived off its fund management operations to create Touche

If the trusts themselves came under successful predaJune division of managed funds

**Unit Trusts** Offshore Unit Trusts Cherities international Funda Private Clients Pension Funds

tory threat, ran the argument, stakes in TR itself - assuming that the remaining trusts exercised their pre-emptive entitle-ment and picked up the hold-ings — could become concentrated in fewer and fewer hands. A domino theory, pressurising management to abandon its goal of floating TR in the early-1990s, was widely monted.

So how does yesterday's deal

fit in? Management would like it to been seen as a sign that TR has both stabilised and is moving forward. On the one hand, Mr Manduca stresses the need for long-term shareholders. On the other, he points to the question of international product distribution. the appeal of Liberty Mutual's network and the prospect of join-ing force with Stein Roe & Farnham, the Chicago-based investment management com-pany, on international prodparty, on international products. Liberty acquired 80 per cent of Stein Roe, a partnership going back to the 1930s, in 1986. The investment company now handles about \$13bn

(£7.56bn) worth of funds. Links between TR and Stein Roe already exist. Mr Robert McNeill, executive vice presi-dent of Stein Roe, previously served on TR's North American advisery board, and TR acts as adviser on the Stein Roe International Growth Fund, launched last October. Talks between the two compa-nies, according to the Ameri-cans, date back to the Metro-

politan Life aftermath.

The plus for TR is Liberty's public support for its indepen-

dence and prospective flotation in the early 1980s. That should provide a welcome boost to morale - not least, because 10 per cent of the company's equity is under options held by

And there is a general feel-ing in the City that much heat has now turned down at TR's London headquarters - in the words of one analyst: "it gets the monkey off their back."

That, perhaps, has a certain amount to do with the market, the extremely fancy prices put

on fund management groups a year ago were a feature of the bull climate, and TR's valuation in the books of the investment trusts no longer looks quite so out of line.

Last March, the shares were

valued around 159p, suggesting an overall price-tag of £32m for the group. Liberty is believed the group. Liberty is beneved to have paid a premium to that and, although no one is disclosing the actual figure, it seems that the pro rata figure put on TR overall is close to £35m.

Even so, this probably reflects a good deal for Liberty. Today, TR handles about £3.5m, and although the more

£3.5tm, and although the more highly rated unit trust element accounts for only £230m, the price is a fairly lowly 1 per cent of total funds under management. Moreover, TR has a handy cash balance - having raised £10m to meet regulatory requirements last year, to which it has added slighly since then.

On a profit basis, the deal looks slightly less attractive; TR made about £3.5m before tax last year, so the multiple is equivalent to about 15 times historic profits and the prospects for fund management companies (at least temporar-ily) are less than rosy. That said, profits at TR are only just being to reflect a commercial regime; for many years, the company operated as a non profit-making service to the

Moreover, the Liberty deal absorbs much of the TR Technology trust's 17.5 per cent holding in TR. The new techon-

### Racal and Millicom battle near to climax

By Hugo Dixon

THE INTELLECTUAL battle between Racal Electronics and Millicom, the US telecommunications company, over the future of Racal's telecommunications subjects appears for cations subsidiary appears to be swinging Millicom's way.
This is the conclusion of a straw poll of some of Racal's largest shareholders, conducted yesterday.
However, Racal still scenes likely to win shareholder any

port at an extraordinary meeting on August 16 for its plan to float off 20 per cent of its telecommunications subsidiary, which includes Volutions, in a share issue which could

raise £400m.

There is an inclination manng UK institutional share-holders to back the management unless very powerful counter-arguments can be produced. A concession last month by the Racal board, allowing shareholders first rights to 75 per cent of the new shares, also seems to have won round some institutions. All shareholders spoken to

stressed that they had not finally made up their minds either way, suggesting that the campaigning over the next two weeks will be crucial in determining the outcome of the battle.

Millicom is proposing a total demerger of Racal and Voda-fone. It has argued that the

MAIN INSTITUTIONAL HOLDINGS (%) Guardian Royal Exchange Mercury Asset Man'm Attilicom Prudential Cable & Wireless

BZW inv. Manage Sun Alliance Chase Manhattan **Postel** Standard Life Morgan Gree

full value of Vodafone will not be reflected in the Racal share price under the management's scheme for a partial flotation.
Mr. Mike Wolfgang of BZW
Investment Management said: "The Millicom proposals do seem to increase shareholder value" but that his normal preference was to support the management. The combination of these factors meant that it was "very much 50-50" which way he would vote.

One institutional shareholder said Sir Ernest Harrison. Racal's chairman, had been . "very emotive" in answering Millicom's arguments and he was therefore leaning towards supporting Millicom. "We are trying to assess here how to maximise shareholder value".

Another said: "In terms of logic, Millicom's argument is irrefutable." He also com-plained that shareholders would be voting blind on the issue, because the management had failed to give details of the commissions and discounts that would have to be paid for marketing the US tranche of the share issue.

Yet another said he liked the "old-fashioned idea of faithfulness" to an existing management but that a demerger probably made the best financial sense.

#### Murray Intl.

Net asset value per 25p ordinary and "B" ordinary share of Murray International Trust amounted to 226.2p at June 30, a downturn of 32p on the figure 12 months earlier. Net revenue for the six months to end-June was

£3.15m (£2.79m) after tax of £1.34m (£1.27m). Earnings rose to 2.65p (2.35p) or to 2.61p (2.31p) assuming full conversion of "B" shares. Interim is again 1.75p, but a forecast final of 5.25p makes 7p (5p).

### Securicor boosted by traditional business Vodafone has spilled over into

By David Waller

rather deeper.

SECURICOR GROUP and Security Services, its 51 per cent owned offshoot, yesterday reported interim pre-tax profits buoyed by a strong contribu-tion from their traditional parcel delivery and cash-handling

Contrary to some expectations, the results included no profits from Cellnet, the mobile telephones company in which Securicor and its subsidiary iointly hold a 40 per cent stake. But Cellnet is on course to make its maiden contribution in the second half, the com-

In the half year to the end of March, Securicor's pre-tax prof-its increased by 30 per cent to Racal's decision to float off

£11.69m , while Services lifted its pre-tax result by 36 per cent to £10m. Earnings per share rose from 3.8p to 4.9p and from 4.6p to 6.3p respectively.

As a whole, security, com-munications and parcels improved their profits from £6.13m to £8.83m in the UK, while overseas profits from these areas climbed at a more modest rate, from £852,000 to £928,000.

The dividend for Securicor is raised from 0.363p to 0.4p and for Security Services from

0.761p to 0.838p. • COMMENT

the Securicor companies' shares; since Racal made its announcement in April, shares in both Securicor and Security Services have outperformed the market by more than 50%. If 20 per cent of Racal's Vodafone subsidiary is worth £400m, the reasoning goes, then the Securicor companies 40 per cent stake in Cellnet is worth £800m. Such calculations are perhaps simplistic, given that Cellnet's half share of the mobile phone market is not so profitable as that of its rival, but at the very least, next

year's pre-tax profits could be boosted by as much as £14m, and those for 1990-91, by as seem better value.

much as £36m. Yesterday's figures cast no light on this potentially fabulous future – but they do show that the tra-ditional parcels, cash-handling and security businesses are anything but mature. Indeed, security is set to thrive on the back of the boom in crime, and the investment is now being made to position the parcels business in Europe in time for 1992. Assuming current profits of £271/2m and £23m for Securicor and Security Services, the shares are on deservedly high multiples of 32½ and 24½ respectively. Given its more direct exposure to Cellnet, Services would

A breakdown of profits

showed that the contribution

from engineering products increased from £1.4m to £2.2m;

engineering services increased

from £345,000 to £476,000; min-

erals and materials increased

Gearing rose from 17.9 per cent to 26.5 per cent, resulting

from overdrafts acquired with Lewmar group. Mr Walliker

said the company was contem-plating both add-on acquisi-tions and one that would cre-

Earnings per share increased from 2.15p to 2.48p. A final divi-

dend of 0.4p has been recom-mended, making a total for the year of 0.6p (0.5p). The com-pany has now converted its

remaining 8 per cent convert-ible preference shares into

ary shares.

ate a fifth major segment.

from £767,000 to £1.6m.

Lord Remnant: chabruan

ology investment trust is less than half the size of the old vehicle and about two-thirds of Liberty's stake will come from

this source. Seven other trusts

are chipping in to make up the remainder - although hold-

ings could be replenished when

the reorganisation of TR North America takes effect. Details of

this restructuring, already out-lined, are expected fairly

If Liberty's interest gives a measure of stability to the shareholding structure, threats

to the trusts themselves also seem to be diminishing — partly because the prime tar-

gets, the specialist funds, have

already been attacked. Pacific Basin, Technology, Natural

Resources, and North America

all know their fates - and the only obvious unresolved situa-

tion is TR Australia, where Royal Insurance now holds more than 17 per cent of the

It should, perhaps, be added that TR's solution - the intro-

duction of a supportive over-

seas shareholder — is scarcely novel. Ivory and Sime, for example, trod a similar route

with Sumitomo Life, and no

doubt, in these somewhat unhappy times for fund man-

agement groups, others may follow. But the deal will be no

less welcome for that.

shortly

of Touche Remnant

### Benjamin Priest doubles to £5.3m

pre-tax profits to £5.3m for the year to April 1 against £2.5m previously. Turnover rose 51 per cent from £47.3m to £71.4m. Mr Christopher Walliker, chairman, said the results marked the transformation of

BENJAMIN PRIEST, the restructured engineering Black Country metal basher group, yesterday announced that it had more than doubled industrial and geographical

Black Country metal basher into a group with a wider industrial and geographical spread. They also reflected the strength of the group's recovery since the losses and capital reconstruction of 1984, he said. The results included a "disappointing" six month contri-

appointing" six month contribution of £1.1m from the Lewmar group, a yachting ent manufacturer and distributor acquired last August. This decline from the £1.2m posted for the same period last year was due to losses from the electronics products and North American rod-rigging operations, after overstocking and a delay in new product launches. Following a reorganisation, these divisions were now operating profitably, said Mr Walliker.

Share price relative to the FT-A Ali-Share index 120 80 1984 1986

Benjamin Priest

ity was in line with expecta-tions and was the cause of considerable optimism about the business, he said.

Lewmar's basic winch activ-

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Exchange for the Conventible Cumulative Redeemable Preference Shares of £1 each to be admitted to the Official List. Copies of the listing particulars containing details of the shares are available in the Extel Statistical Services and copies may be obtained during normal business hours up to and including 5th August, 1988 from the Company Announcements Office, The International Stock Exchange, 48-50 Finsbury Square, London EC2A 1DD and during normal business hours on any weekday (Saturdays excluded) up to and including 17th August, 1988 from:

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rston, nbridge CB2 4LJ Fysite Horton Finney & Co., Charles House Lioyde Merchant Bank Limited, 40-86 Queen Victoria Street, London EC4P 4EL

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Member of the Stock Eurhanne & TSA

THE NIKKO SECURITIES CO., (FUROPE) LTD.

August 3, 1988

This announcement appears as a matter of record only.

#### **TOTAL Compagnie Française des Pétroles** Paris, France

ECU 50,000,000 71/2% Bonds of 1988/1993

Issue Price: 1011/2% - Interest: 71/6 p.a., payable annually in arrears on August 3 - Final Maturity: August 3, 1993 - Denomination: ECU 5,000 and ECU 10,000 · Security: Negative Pledge Undertaking · Listing: Luxernbourg Stock Exchange

> COMMERZBANK AKTIENCESELLSCHAFT

**BANQUE PARIBAS CAPITAL MARKETS** 

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COMMERZBANK INTERNATIONAL S.A.

**CREDIT LYONNAIS** 

BANQUE BRUXELLES LAMBERT S.A.

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Application has been made to the Council of The Stock

Granville & Co. Ltd. 8 Lovet Lane, London ECIR SEP Teknologe Q1-621 1212

70 21 12

THE WATER

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### CURRENCIES, MONEY AND CAPITAL MARKETS

#### FOREIGN EXCHANGES

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### le near Dollar better after weak start

DM1.88. It was still below this

level at the close in London, finishing at DML8755 from DML8765. It was slightly

firmer against the yen at Y132.90 from Y132.75. Else-where it finished at SFr1.5620

from SFr1.5615 and FFr6.3250

from FFr6.3275. On Bank of

England figures, the dollar's

exchange rate index was quoted at 98.6 from 98.7. Investors may be waiting for the release of US unemploy-

ment figures for July - due on Friday - before increasing their dollar portfolios. However some forecasters have cau-

tioned that job data for July could be misleading. Most trad-ers expect a further decline in

the rate of unemployment to prompt a rise in US interest rates, in order to hold the rate

of expansion in the economy. But some analysts have

pointed out that the June job

survey was conducted very late in the month, and may have picked up a number of summer holiday jobs that would nor-

42.4982 7.85211 2.05851 6.90401 2.31943 1.758411 1483.58

mally show in the July figure.

Consequently the July unem-ployment rate may not show the expected decline from

June's 5.3 p.c., they argued.
Sterling was left on the side-lines for much of the day. A

rise of \$910m in UK official

reserves in June had little

effect, but served to underline the extent of the authorities'

commitment to control the rise

Its exchange rate index fin-ished unchanged from the

opening at 76.6, compared with

76.7 on Monday. Against the dollar it closed at \$1.7100 from

\$1.7135. It was also slightly

down against the D-Mark at DM3.2075 from DM3.2150 and

Y227.25 compared with Y227.50.

Elsewhere it finished at

SFr2.6700 from SFr2.6750 and FFr10.8150 against FFr10.8425.

Monday's record low against the yen of Y70.76, opening at Y71.08, but finishing below its

best at Y70.86.

EMS EUROPEAN CURRENCY UNIT RATES

**POUND SPOT- FORWARD AGAINST THE POUND** 

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Own promite

43-90cds
13pm-6-lireds
2pm-1-lireds
2-2-poeds
3-2-2-popm
2-pm-4-oreds
10-2-ppm
10-3-ppm
13-1-2-ppm

Our month

0.37-0.34cpm 0.11-0.16cils 0.11-0.14cils 0.55-0.54cpm 5-4cpm 0.52-0.48cpm 0.52-0.48cpm 0.52-0.48cpm 2.10-2.00ireds 0.51-0.16cpm 1.25-1.26cpm 0.47-0.44cpm 0.67-0.43cpm

EURO-CURRENCY INTEREST-RATES

**EXCHANGE CROSS RATES** 

2.986 4.575

5.245 16.16

0.737 1.129

1.294 3.966

es. two years 94-9 per cent; three years 93-94, per cent; four years 92-94, per cent; five

DM Yes FFr. S.Fr. H.FL. Lina CS B.Fr.

1.129 15.94

3.348 1.367

1532

1.756 5/02

7 Days ..

107-78-412-15-7-10-6-1-4-1-78-412-15-7-10-6-1-4-1-78-8-1-78-8-1-78-8-1-78-8-1-78-8-1-78-8-1-78-8-1-78

1.04.0.9pm 1.04.0.9pm 0.33-0.39b; 1.59-1.55pm 1.59-1.55pm 1.69-1.44pm 1.69-1.5pm 1.69-1.5pm 1.69-1.5pm 1.69-1.5pm 1.69-1.2pm 1.59-1.2pm 1.59-1.2pm 1.59-1.2pm 1.59-1.2pm 1.59-1.2pm 1.59-1.2pm

11-10% B1-8% 51-54 51-54 11-72 11-72 11-72 11-88 81-88 81-88

3.625 2365 2.063 66.95 2.119 1363 1.206 39.15

652.8 1000.

1.907 0.773

18.48 28.31

ピントンタンクシングラング 日代に発展にまどが発掘生がたま

Close

1.705 - 1.7105 2.0620 - 2.0630 3.614 - 3.624 66.90 - 67.00 12.172 - 12.18 1.1925 - 11.99 3.204 - 3.21 258.75 - 299.7 200.40 - 204.7 256.75 - 299.7 210.40 - 204.7 210.51 - 11.62 10.51 - 11.62 10.51 - 11.62 10.51 - 12.62 22.64 - 2.27 22.64 - 2.24 2.66 - 2.24

17070-17260 1.000-1.005 1.2005-1.205 2.0075-21190 28.40-39.25 7.05-7.124 1514-1524 122.25-12130 1371-13834 6.75-6.794 6.284-6.034 13.04-13.10 13.04-13.18 13.04-13.18

The D-Mark recovered from

Dispresse State %

Sep . Dec

Strike Price 1,650 1,675 1,700 1,775 1,775 1,800

LONDON (LIFFE)

Estimated Volume 8234 (2080) Provious day's open lat. 42545 (42723)

7-10 YEAR 9% HOTHWAL GOLT 550,000 32ads of 100%

Estimated Volume () (1) Previous day's open int. 75 (75)

6% NOTHING LONG TERM JAPANESE CONT.

Est. Vol. (inc. figs. not shown) 9861 (40.59) Previous day's open int. 40518 (40.599)

Close High Low Prev. 184.90 185.80 184.50 186.10 186.50

#Rela 87-11

1-min. 3-min. 6-min. 12-min. 1.7065 16998 16911 16773

Latest High Los Prev. 1.7100 1.7142 1.7074 1.7110 1.7000 1.7050 1.6980 1.7010 1.6930 1.6980 1.6910 1.6930

Estimated Yokume 8464 (2791) Previous day's open lat. 7077 (7019)

CURRENCY FUTURES

LIFFE-STERLING £25,000 \$ aer £

2 mg st 2001/1972-1988

86-18 86-15 86-28

in sterling.

THE DOLLAR recovered from a weaker start in currency markets yesterday, after fur-ther evidence of strong growth in the US economy. There was concern that the US Federal Reserve may soon act to push interest rates higher in order to stop the economy overheat-

The stilling of the stilling o Yesterday's data included a the constant of the constant o 1.4 p.c. rise in June leading economic indicators, and a 5.5 p.c. increase in June factory orders. There was also a sharp increase in new home sales in Continue D June of 8.4 p.c., compared with

June of 8.4 p.c.; compared with expectations of a 0.5 p.c. rise. However the dollar retreated from its best level after a revision to May's leading indicators, which showed a 0.8 p.c. fall compared with a 0.1 p.c. decline as reported previously. Overall, yesterday's data added to the dollar's bullish undertone, but this was not fully The second of th to a specialist to the special to the the tone, but this was not fully reflected in its performance against major trading partners, largely due to a lack of trading

The onset of the holiday se son continued to play a signifi-cant part in trading philoso-phy, with many major institutions content to remain they be on the sidelines, at least for the

the they be time being.

The dollar opened on a weaker note, having been sold off in late New York and Far pe die East trading, after its failure to break through resistance at

£ IN NEW YORK

Aug 2	Latest	Previous . Close	
£Spot	1.7150-1.7155 0.37-0.36pm 1.05-1.02pm 3.35-3.25pm	1.7185-1.7195 0.36-0.34pm 1.04-1.02pm 3.40-3.30pm	٠.
Forward premis	ms and discounts ap	ply to the US dollar	
STERLI	NG INDE	K .	
	· · Asq.	2 Previous	

76.8 76.7 76.6 76.6 76.6 76.6

20 ....... 20 ....... 76.6 76.5 76.7 76.6 76.7 76.6 76.6 76.6

Fig. 15 to year	CURREN	. :		
The state of the last	Aug.2	Bank rate %	Special* Drawing Rights	European Currency (Inst.
The second secon	Austrian Sch Belgiten Franc Daoiste Krene Deutsche Mack Neth Guilder French Franc	8 22 22	0.650072 1.11487 1.3464 14.6383 43.6501 7.91783 2.09481 2.35439 7.03242 1537.41 148.022 7.95336 137.8085 1.73697 16.681 1.776971	0.758848 1,29763 N/A 17,1196 51,0196 9,254770 2,436,17 2,75098 8,20556 172,974 8,83826 N/A 195,021 N/A

**CURRENCY MOVEMENTS** 

Sterling	Aug 2	Bank of - England Index	Morgan <sup>a</sup> Cuartety Changes %
- 100 - 100 TOO	U.S Dorlar Conadias Dollar Asstrian Schilling Belgian Franc Dorlish Krone Doutsche Black Swiss Franc Golder French Franc	96.6 85.4 133.4 97.7 89.3 145.1 131.6 68.9	79.5 -1.9 +9.6 -6.4 +0.5 +20.1 +20.4 +12.7 -14.9

ing angeleiche Sieder Internationalister	1975-1009	Hates are forward.	
1674.2	OTHE	R CURRE	KCIES
- 1 to 1 to 1	Ang.2	(1) <b>토</b> (구) (1	\$
Trail	Brazil Finland Greece Hooy Kong tean Keres/Sth) Kawaik Leorenboury Malaysia	NA 21370 415.45 417.75 415.45 417.75 7.5790 -7.6010 254.15 -258.55 13.3860 -13.4025 127.50 6.590 -6.700 4.5195 -4.5310 -8.4370 20 25875 -2.5925 6.4310 -8.4370 -3.5125 -3.5125 -3.5125	#IA 1.2450 1.2440 - 1.2450 242.50 - 243.70 4.4220 - 4.4250 7.8150 - 7.8570 70.50 720.50 - 726.30 0.28240 - 0.2822 39.10 - 39.20 2.6355 - 2.6375 2.6355 - 2.6375
Sign of Sign o	S. Af (Cm) S. Af (Fn) Talwan U.A.E	4 2105 - 4 2215 6 2385 - 6 3538 49 05 - 49 30 6 2990 - 6 3040	24645 - 2,4565 3,666 - 3,7035 28,58 - 28,70 3,6725 - 3,6735

Bills maturing in official

hands, repayment of late assis-

tance, and a take-up of Trea-

absorbing £245m, and bank balances below target £50m. These

outweighed a fall in the note circulation adding £90m to

A programme of UK Ecu

in the Autumn. This is expec-

ted to consist of one-month;

liquidity.

three-month and six-month

In New York the Federal Reserve added temporary reserves to the banking system through \$1bn of customer repurchase agreements, when Federal funds were trading at

at 10%-10% p.c. The Bank of England initially forecast a money market shortage of £250m, but revised this to £150m at noon, and to 2200m in the afternoon. The authorities did not operfixed 4.25 p.c. from 4 p.c. ate in the market during the

The move was widely expec-UK steering bank have building traft 18.7<sub>2</sub> par cost from July 18 morning, but in the afternoon bought £130m bills, by way of cam bank bills in band 3 at 10% p.c. and £126m bank hills in band 4 at 10% p.c. Late assistance of £10m was also provided, bringing the total help on the day to £140m.

A smaller allocation is likely to be taken as a sign that the central bank is continuing to tighten its monetary stance. In Brussels the Belgian National Bank raised the intersury bills drained £32m, with Exchequer transactions est rate on four-month paper, issued by the Securities Regulation Fund, by 0.10 p.c. to 7.35 c. One-month, two-month and three-month Treasury certificate rates were left at 6.75 p.c.; Treesury bill tenders will begin 6.90 p.c.; and 7.10 p.c. respec-

#### FINANCIAL FUTURES

### **US Treasury bonds firm**

expectations.

sion in the May figure, to a fall

of 0.8 p.c. from the previously announced decline of 0.1 p.c.

This reduced fears of overheating in the economy. The June

rise of 1.4 p.c. was in line with

on an upward path, before the

figures were announced. The

September contract broke

through technical resistance at

86-24 in Chicago on Monday,

Treasury bond futures were

ATTENTION WAS focused on dollar denominated instru-ments on the financial fotures market yesterday. US debt futures met demand on publication of strong economic data. The market was impressed with the strength of factory orders, which rose 5.5 p.c. in

June. US leading indicators encouraged the trend, and particularly the downward revi-LEFFE LANG COLT FUTURES OF

Calls | Sep 456 | 456 | 257 | 115 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 11 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | Det 73 518 500 525 11

Estimated volume total, Calls 747 Puts 289 Previous day's open lot. Calls 29549 Puts 35328

Sp 0t 6.83 7.12 4.92 5.36 3.32 3.87 2.11 2.69 1.31 1.90 0.73 1.23 0.36 0.75

bec 7,87 6,28 4,89 3,76 2,83 2,09 1,54

Aug 0.05 0.18 0.72 1.92 3.86 6.11 8.53

Estimated volume total, Calls O Puts O Previous day's open inc. Celts 903 Puts 158

0660分别2013年3月 Estimated volume total, Calls 80 Pots 302 Previous day's open lat. Calls 2203 Pots 2046 LIFFE EU**nic**eall AR OPTIONS 51m points et 180% Pats-Amp 0 0 8 102 417 886 1384

0d 135 212 305 438 5.96 7.77 9.66

CHICAGO

Strike Price 1.650 1.750 1.750 1.800 1.850 1.950 6.90 2.50 0.65 0.40 0.30 0.30

High Law Pres. 92.93 92.87 92.87 92.87 92.57 92.57 92.57 92.57 92.50 92.47 92.55 92.30 92.28 92.26 92.21

Latest High Low Prev. 0.5366 0.5362 0.5354 0.5362 0.5405 0.5423 0.5396 0.5401 High 91.57 91.26 91.22 91.07 90.94 90.84 90.75 90.68 

and after touching a threeweek high, moved through another resistance level at around \$6.30 yesterday.

On Liffe in London September bonds touched a peak of 87-11, before closing at 87-07. An underlying rise of \$910m in Britain's reserves in July

was slightly above most market forecasts, but was generally ignored. LIFFE FT-SE BIDEX FUTURES OFTENS

Calls | Aug | 1492 | 1009 | 580 | 245 | 91 | 22 | 4 Puls-s Aug 19 90 275 601 1032 Sep 1522 1083 707 418 221 S49 227 468 731 1114

LIFFE SHART STEALING

OPTIONS or (1)						
Calts-se Sep 7.30 3.75 1.65 0.75 0.50 0.45 0.40 e total, Ca pes let: Ca	ttlemens Oct 7.60 4.40 2.30 1.10 0.65	Dec 8.40 5.40 3.35 2.00 1.20 1.10 1.30 ets N/A Pets 201	Arg 0.40 1.00 4.00 8.60 13.60 11.60	Puts-sei Sep 1.05 2.55 5.40 9.40 14.00 11.70 11.40	tilements Oct 1.65 3.50 6.30 10.05 14.45	Dec 2.95 5.05 7.85 11.35 15.35 12.20 17.60
	JAPAN Y22.5a	ESE YEN	(340A) 200			
9rev. 86-21 85-30 85-09 84-21 84-02 83-16	Sep Dec Mar Jun	0	1.7570 1.7570 1.7643 1.7705 1.7785	High 0.7578 0.7651 -	0.7561 0.7632 0.7705 0.7785	Pres. 0.7584 0.7653 0.7719 0.7795

| Vol | Last | Vol | Last | Vol | Last | 25 | 3.50 A | 311 | 16 | - 37 | 37 | 0.40 | 1 | 10 | 130 | 16.50 | - - 30 | 5.50 | - 60 | 6.20 | - 2 | 1.50 | 21 | 6.50 | 50 | 9.40 | 43 382 106 130 68 31 208 87 208 84 26 FI, 225 FI, 236 FI, 245 FI, 245 FI, 250 FI, 225 FI, 235 FI, 235 FI, 235 FI, 236 FI, 237 FI, 205 FI, 210 FI, 225 FI, 210 FI, 225 FI, 225 FI, 225 FI, 225 FI, 237 FI, 23 887 57 155 302 6 - 105 20 501250 - 5277 250801284E 15 10.20 B 7.80 B 5.50 3.90 2.50 A 6.50 A 9.50 7.20 7.20 2.10 5.50 2.20 3.50 4.80 7 9 11.80 7.20 4.70 2.70 6.50 Jan. 89 ABN C
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BU Oct. 88 382 260 100 10 20 70 1580 199 2.10 159 6.50 532 6.10 287 4.80 164 2.90 290 134 4.10 201 2.90 201 1.80 201 2.40 40 0.530 301 1.20 40 0.530 301 1.20 40 2.90 40 1.10 40 2.90 40 4.10 40 5.90 40 4.10 40 5.90 40 FI. 455 FI. 800 FI. 180 FI. 185 FI. 18 412 16 7.50 4.70 6.50 3.20 4.50 6.70 6.70 3 4.50 11.50 B 19 33 105 16 -35 1 397 49 171 27 1.70 J 2.20 9.90 10.10 8.40 8.30 A 2.70 2.90 13 152 40 39 12.30 2<u>23</u> 56 23 TOTAL VOLUME IN CONTRACTS: 27,850

B = Bid C = Call

**EUROPEAN OPTIONS EXCHANGE** 

	_		_		
	BAS	E LENDING	R	ATES	
ABN Bank Adam & Company AAS - Attivet Arab Sk Allies Irish Bank Henry Associates Cap Corp Associates Cap Corp Authority Bank Banc de Bilbao Bask Hapoalim Bank of Cypros Bank of Cypros Bank of Cypros Bank of Fieland Bank of Scotland	**************************************	City Merchants Bank	#1010101101101110111011110111101111101111	Nat Westminster	10½ 10½ 110½ 110½ 10½ 10½ 10½ 10½ 10½ 10
Berner Sain & Borner Sain & Berner Shipky  Business Mige Tst CL Bank Nederland Cestral Capital Catracteriouse Bank Chilipark NA	107 11 107 107	C. Hoare & Co. Hoogtong & Shangh	10½ 10½ 10½ 10½ 10½	Members of British Banking & Securities Association. *7 day deposit Savenive 7.16%. Top The Instant access 9.0% & Mortrate. § Demand deposit Mortgage 10.875% - 11.25%.	Hous is 4.38 £10,00 gage is 5.1 <sub>2</sub> °

A FINANCIAL TIMES MAGAZINE

# If like many pensions professionals, your 'Soft' Focus

systems is somewhat diffused, help is online in August's <u>Pensions Management.</u> In 'Soft' Fecus. we're taking a

hard look at the deluge of Pensions Administration Software now on

the market. Key attributes and drawbacks are clearly flagged to enable you quickly to find the ideal system for your company. Published monthly by Financial Times

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FT BUSINESS INFORMATION LIMITED, REG OFFICE 10 CANNON STREET, LONDON EC4P 48Y, REG NO 980836

#### **MONEY MARKETS** UK rates steady (11.00 a.m. Aug.2) 3 months US dollars

级 损

Yes per 1,000; French Fr. per 10: Lira per 1,000; Belgian Fr. per 100.

1411

62.74 %,11

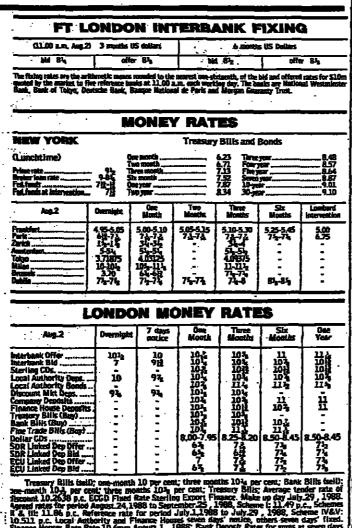
110.2 339.5

INTEREST RATES remained bills, and is likely to involve the issue of about 500m Ecus steady in very quiet trading on the London money market yesterday.
Sterling was little changed against the dollar and D-Mark,

and there were no other factors to influence trading.
Three-month interbank was unchanged throughout the day 78 p.c. against an average of 7.91 p.c. on Monday.

In Frankfurt call money was steedy at 4.95-5.05 p.c., in spite of a rise in the Bundesbank's securities repurchase rate to a

ted, and dealers are more interested in the allocation of funds at this week's 29-day tender. It is estimated that around DM25bn will be required to replace the DM20bn leaving the market, through an expiring agreement, and to offset inter-vention by the Sundesbank to defend the D-Mark on the foreign exchanges.



Tressary Rills isaid; one-month 10 per cent; three months 10 to per cent; Bank Bills isaid; one-month 10 per cent; three months 10 to per cent; Bank Bills isaid; onerth 10 to per cent; three months 10 to per cent; three per cent per cen

### FT UNIT TRUST INFORMATION SERVICE

AUTHORISED	latt Com. Std Offer + ar Vicid Claye Price Price Price - C-1 Anderson Orme Unit Tst Mgrs Ltd (1200)F
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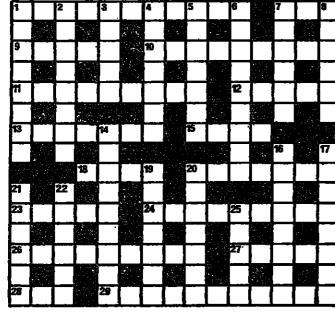
Aug. 1484/1493 - 8 | Aug. 1848/1858 -11 | Aug. 2112/2124 -8 | Sep. 1483/1492 - 8 | Sep. 1846/1856 -11 | Sep. 2118/2130 -7

Prices taken at 5pm and change is from previous close at 9pm

**JOTTER PAD** 

### CROSSWORD

No. 6,698 Set by QUARK



ACROSS

1 Having little enthusiasm, only partially try the man
(4-7)

7 Boastful talk is mainly cut

10 The start of an event is held

it's a casserole (11) DOWN

1 I'm spent, so don't support as much (8)
2 Sport needs the dressing about; sportsmen could strain it (8) 3 Society leaves non-commer-cial residence for paid accommodation (5) 4 Set off? Switch on (7) 5 People in the wrong annoy

(9) 7 Comprehensive description

HENPARTY CANDID

HENPAR

(7) 6 He argues – and it puts out

(5)

10 The start of an event is held with short (rum) (9)

11 Two students with meal and tea upset with certain plates (9)

12 Top class wise man's routine (5)

13 Genuine transgression's to brand, one hears (7)

15 Provide a rent drop? (4)

16 Admen usually included it (list of orders) (4)

17 It's difficult to drive over river by hotel, after diversion (7)

23 Bit of a conflict (5)

24 Helps the waiting (and it's not unlawful!) (5,4)

26 "Micro" gone on blink affecting man and his work (9)

27 Minister's stipend – old money for a short time (5)

28 Showy marble is lost; how dull! (3)

29 Treat all? Oul! When cooked it's a casserole (11)

uler Cos Acc. 3033 4 303 4 339 2 490 Der Cos Inc. 3101 9 191.9 206 2 1-6201.29 recent Unit Tst Marrit Ltd (1400)F sch Ke, Portman Sp. WIH OJR 01-935432 mc Crowth ... 1873 6 1736 1 2031-121444 | Control No. | Primaris N. | WIH QUR | 10.435.5322 | Control No. | 10.735.5133 | 10.335.5245 | 23.245.525 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.455.5135 | 23.45

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| Fig. | Company | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |

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**GUIDE TO UNIT TRUST PRICING** 

| Description | Column | Colum

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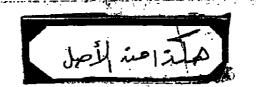
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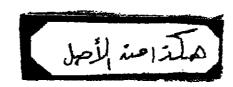
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Sun Life of Canada Unit Mars Ltd (0905)M Sabaysion, Balaysope, Ipans 523481,543 UK isome 34,507, 30,75 3271-4854,49 UK Growth 54,20,20 22 30,00 12,44 Workship Court 34,20,20 22 25 22 114-121 11 Swiss Life Pan Tot Man Co Ltd (1606)4 9-101 Lundon Rt September Faulty Dat 1500 NAS 1644-1658 Swity Act 1500 NAS 1644-1658 Lee the Data 1105 1144 1227 Life in Lee the Data 1105 1144 1227 Life in

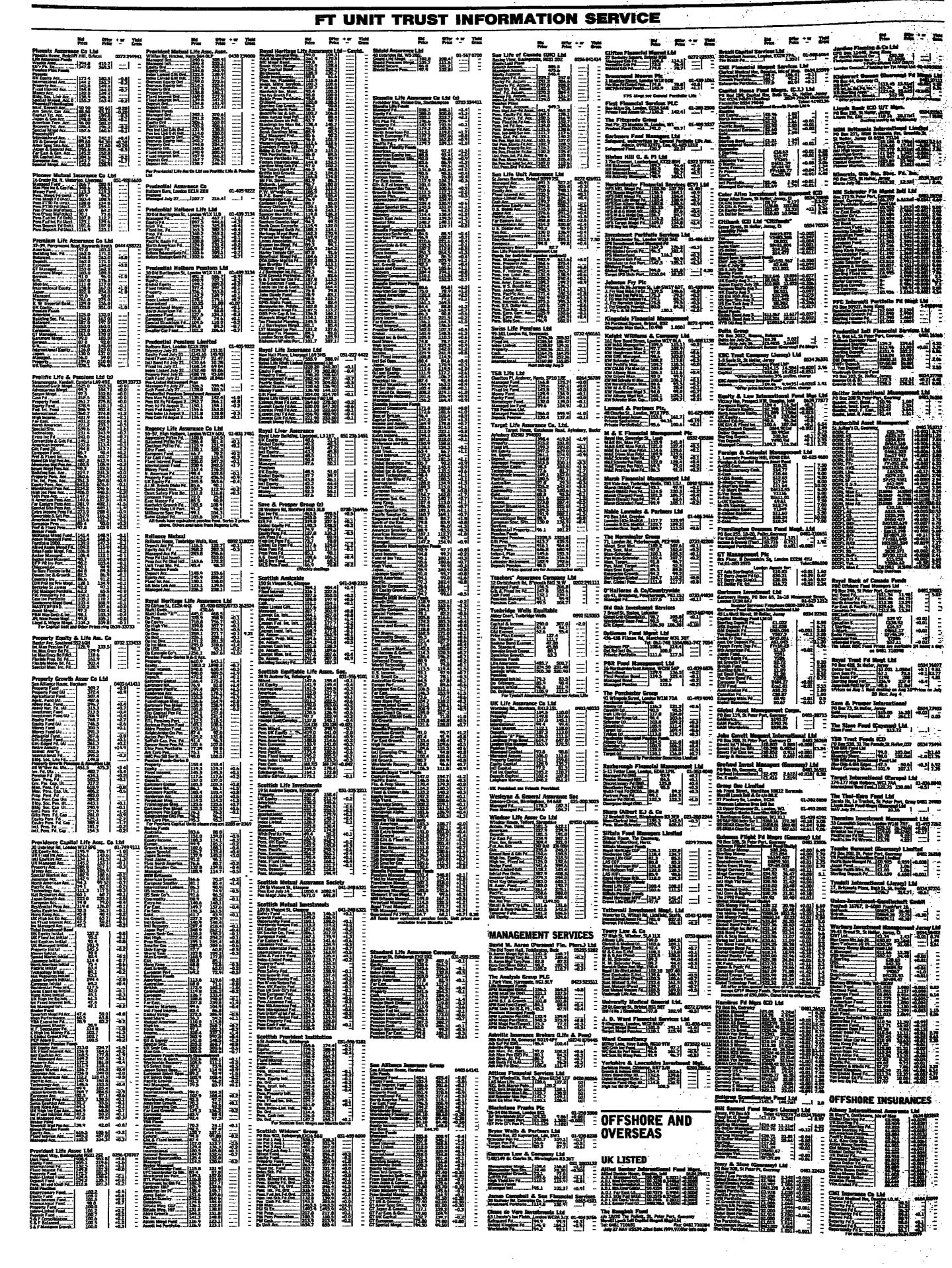


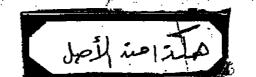
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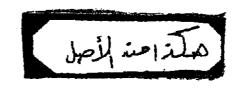


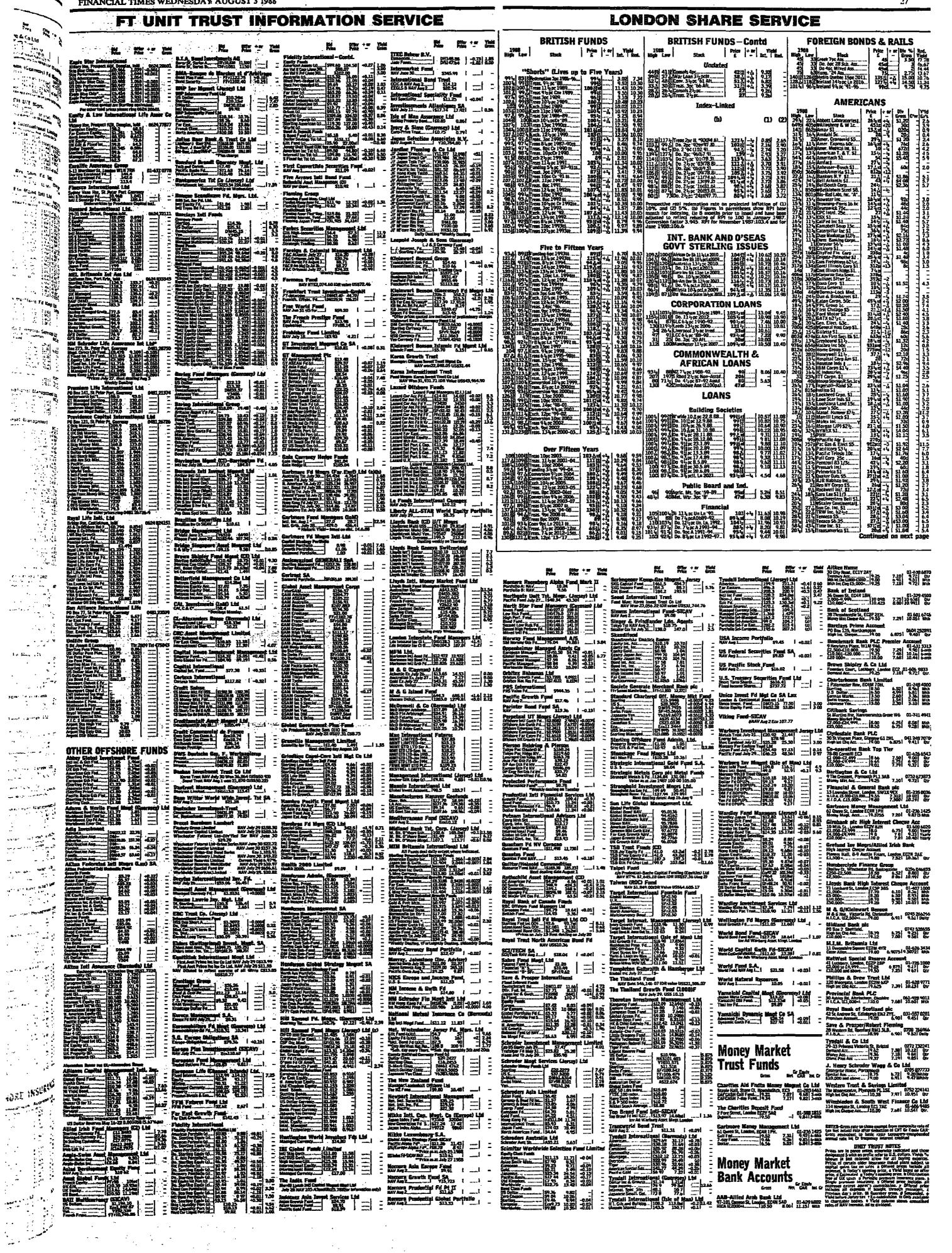


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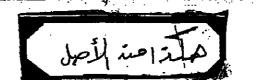
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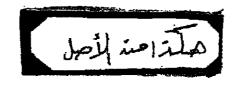




FINANCIAL TIMES WEDNESDAY AUGUST 3	1988
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FINANCIAL TIMES WEDNESDAY AUGUST 3 1988

LONDON TRADED OPTIONS

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS		Tuesd	lay Aug	gust 2	1988		Mon Aug 1	Fri Jul 29	Thu Jul 28	Year ago Capprox
Fig	ures in parentheses show number of stocks per section	index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div, Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj 1988 to date	iadex No.	ladex No.	index No.	index No.
3)	CAPITAL 6000\$ (209)	819.62	-0.2	9.93	3.92	12.48	15.94	612.63	868.65	886.10	970.1
2	Building Materials (29)	1024.48	-0.2	11.10	4.14	11.04	18.65		1019.23	1018.62	
آمًا	Contracting, Construction (37)	1597.75	-0.4 -0.4	10.39	3.35	12.58	26.91		1603.22		
5	Electricals (12) Electronics (31)	7744 10	-0.2	8.37 9.68	4.50 3.41	14.77 13.26	48.13 37.62		2298.29 1776.13	2198.38 1755.80	2509.50 2034.60
6	Mechanical Engineering (56)	475 3R	+0.1	9.65	4.11	12.83	8.49		428.73	420,49	521.2
ē	Metals and Metal Forming (7)	499.03	-0.5	9.41	3.75	13,12	7.95	501.30	497.30	498.39	569.5
9	Motors (14)	287.33	-8.4	11.38	4.49	10.17	5.54	288.55	284.26	284.14	
16 ·	Motors (14) Other Industrial Materials (23)	1333.91	-0.5	8.79	4.18	13.60	28.21	1341.17	1329.94	1324.12	1614.9
21	CONSUMER GROUP (186)	1102.63	-0.5	8.93	3.57	14.15	17.68	1108.25		1095.58	
	Srewers and Distillers (21)		-0.4	10.64	3.65	11.85	17.80	1121.11		1110.25	
	Food Manufacturing (21)		-1.0	8.58	3.62	24.92	17.45	1016.66	1905.79	1085.19	
	Frod Retailing (16)		-1.1	8.75	3.37	15.08	29.87	2081.18	1984.83	1989.29	
24	Health and Household (12) Leisure (30)	1353 31	-0.7   -0.1	6.64 8.54	2.61 3.70	17.47 14.99	18.01 24.81		1854.49 1348.78	1843.50 1341.16	
31	1915076 (30)	E39 22	-0.1 -8.2	9.15	3.78	14.02	9.64	539.17	537.40	536.44	710.4
32	Packaging & Paper (17) Publishing & Printing (18)	3618 57	-0.7	7.89	4.22	15.98	72.37	3645.24	3638.61	3616.94	
34	Stores (34)	812.78	+6.2	10.23	4.01	12.88	14.57	810.81	809.13	803.30	
35	Textiles (17)	610.49	-0.4	11.33	4.46	1836	12.51	612.74	619.75		805.0
ec.	GTY:ER GROUPS (93)	907.60	*	10.92	4.33	11.19	17.93	907.46	899,87	894.90	1125.2
41	CTXER GROUPS (93) Agencies (19)	1120.73	-0.3	8.05	2.43	15.71	17.95	1124.63	1118.83	1117.13	1691.7
22I	Chemicals (21)	12077.63	+6.2	11.82	4.78	10.15	25.01	1075.39	1059.98	1059.08	1439.4
<b>43</b>	Congiomerates (13)	1229.60	-0.1	10.18	4.36	11.32	20.98	1238.41	1219.90	1210.87	
<b>55</b>	Shipping and Transport (12)	1946.31	+0.1	11.80	4.60	12.04	34.04	1945.09	1913.81	1903.11	
97 J	Telephone Networks (2)	972.70	+0.2	11.44	4.58	11.34	28.38	971.16	964.29	960.05	
	Miscellaneous (26)		-0.2	11.21	4.26	18.19	24,64	1214.98	1207.71	1199.16	_
	NDUSTRIAL GROUP (488)		-0.3	9.74	3.87	12.77	17.77	988.96	981.83	977.91	_
	0i) & Gas (12)		-0.3	10.84	5.78	31.86	59.45	1845.63	1856.99	1836.86	_
	50C SHARE INDEX (500)		-0.3	9.89	4.14	12.64			1055,93	1050.63	_
61	FIHANCIAL GROUP (122)	707.22	-0.4	ا۔۔۔ا	4.90		17.45	718.33	788.56	704.40	816.2
52	Banks (8)	660.47	-0.9	21.67	6.61	6.19	24.36	666.52	674.91	668.33	816.1
25	Insurance (Life) (8)	1023.04	-0.1	- 1	4.61 5.30	- 1	24.97 13.82	1090.17 558.21	1070.31 556.80	1065.79 556.40	610.7
66	Insurance (Composite) (7)	220.02	2.0-	9.77	6.46	13.23	31.54	992.04	986.26	986.36	
اچ	Insurance (Brokers) (7) Merchant Banks (11)	353 04	-0.8		4.09	انتيا	7.03	355.88	351.43	350.47	479.3
66	Property (51)	1235.75	-0.3	5.83	2.62	25.53	14.21	1239.96	1226.08	1218.77	
70	Other Financial (30)	380.72	-0.1	10.53	5.11	11.90	9.41	381.02	381.82	378.79	571.7
72	Investment Trusts (78)	920.11	-0.1	- 1	3.00	-	12.35	920.74	913.52	910.01	1114.6
311	Mining Finance (2)	520.81	-1.1	9.20	3.61	12.29	8.12	526.50	526.27	517.82	711.7
92	Overseas Traders (8)	1143.64	-0.5	10.07	4.89	11.66	29.22	1149.14	1147.35	1145.11	1186.5
99	ALL-SHARE INDEX (710)	966.77	-0.3	-	4.22	-	19.36	969.89	965.18	960.18	1173.2
j		Index	Day's	Day's	Day's	Abg	Jul	Jøl	Jul	Jel	Year
_1		No.	Change	High	Low	1	29	28	27	26	<b>ago</b>
	FT-SE 100 SHARE INDEX #	1855.5	-6.7	1853.1	1851.8	1862.2	1853.6	7841.3	3840.A	1837.7	2307

FIXED INTEREST								AVERAGE GROSS REDEMPTION YIELDS	Tue Aug 2	Mon Aug 1	Year ago (approx.)
	PRICE ENDICES	Tue Aug 2	Day's change %	Mon Aug 1	xd adj. today	xd adj. 1988 to date	1 2	British Government Low 5 years Coupons 15 years	9.54 9.40	9.53 9.41	8.62 9.57
2 3 4	5-15 years Over 15 years Irredeemables		+0.02 +0.15 +0.15	120.44 136.50 148.35 163.74 134.08	- 0.37 -	7.30	6 7 8 9	25 years	9.16 9.96 9.63 9.39 10.06 9.78 9.42 9.63	9.18 9.96 9.64 9.39 10.07 9.78 9.43 9.63	9.57 9.81 9.84 9.84 9.97 9.96 9.64 9.46
6 7	Index-Linked 5 years Over 5 years	128.03 121.40 121.77	-0.11 +0.15	128.16 121.22 121.62	<u>-</u>	1.12 2.13 2.04	12 13 14	Index-Linked Inflation rate 5% 5yrs Inflation rate 5% Over 5 yrs Inflation rate 10% 5yrs Inflation rate 10% Over 5 yrs	2.85 3.82 1.81 3.65	2.79 3.83 1.76 3.66	2.53 3.80 2.32 3.76
_	Cabentures & Loans	<del></del>	_			6.54 3.61		Debs & 5 years Leans 15 years 25 years	10.93 10.89 10.89	10.93 10.89 10.89	10.67 10.67 10.67
	l			1			<u> </u>	Preference	9.72		

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Closing Price	Stock	88	19	Latest Renunc	Amount, Paid	lssae Price
1		Low	filgh	Date	.ap	2
102p 310p 102p	Attenoods (Fin) 81-pc Gtd Rd C= P1 5p	1029	103p 313p 105p 7p 118p 5651	126	F.P.	.00p
1025	#City Gate Ests 34 pt Cm Co Pri 51 Erstone House Gry 7 25oc Cv Cm Rd Pf	306p 101p	1050	12/8 22/8	l F.P. i	00p
127%	Hampson Inds. 7%, Cr Cm Rd Pf	108a	118a		MII F.P.	•
1179 5854 1888	Rousing Fits, Corp. 7pc Deb. 2009	565	£45 is	12/8	F.P.	5
二 朔	N'wide Ang. 1011oc 17,7.89	49.7 2000	2000 100 100 115p		i F.P. J	
- 1116	Do. 11 Jpc 7.88?	100	1,150	: 1	F.P.	Ор
0845	Presturick Hildes 7 Lanc Cv Rd Pf 51 RET Capital Provs 2 laps Cv Uns La 2000	032 is	£855	- (	F.P. 1	
1015	Sommer int'l, 7½ pc Cr Rd Pri Tombios 6.25pc (net) Cm Cr Rd Pf 20p		1086 5000	: 1	F.P.	06 Op
100	Wagoo her" L. Hidgs. 7'4 ps: Or Ptg Pf Waterglade lool 3.75% Or Cor Rd Pf	45000 10000	50000 104p	- 1	號	•

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			R	GHT	S OFFERS	•	
Issue Price	Acocent.	Latest Renuse	19	<b>168</b>	Stork	Closing Price	+ 05
٤		Date	High	Low	1 —	£	7
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<b>Z</b> D	NI NI		. 7pm	5om	Goodenian Group Sp		-1
685	201	8/9	145pm	135pm	Macaltan-Gleni)vet	145pm	
310	MI	8/9	48pm	43pm	Northweber 5p	48pm	+2
45	1 461 1	· -	28om	28em	Dyraers Abroad Group 3o	26am	
33	<b>199</b> 1	13/9	12pm	5om	SReliget Motor 100	7pm	+2
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TRADITION	AL OPTIONS
● First Dealings July 25 ● Last Dealings Aug 5 ● Last Declarations Oct 27 ● For settlement Nov 7 For rate Indications see end of London Share Service Stocks dealt In for the call included Sears, Capital and Regional Properties, Marinex,	New Cavendish Estates, B Priest, Cadbury Schweppes, Standard and Chartered, Noble and Land, J England, Highgate and Job, Chioride, Polypipe and WA Holdings. Puts were arranged in New Cavendish Estates and Ragtan Properties, but no double options were reported.

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EC4M 9AA NOT BRANCHES OR A 1988.	LATER THAN 10.00 A.M. ON WEDNESDAY, 10TH AUGUST 1988, OR AT GENCIES OF THE BANK OF ENGLAND NOT LATER THAN 3.30 P.M. ON TUESDAY,	ANY OF THE 9TH AUGUST
8½ per	ISSUE BY AUCTION OF £750,000,000 cent TREASURY STOCK, FOR AUCTION ON A BID PRICE BASIS	1994

PAYABLE AS FOLLOWS: Balance of purchase money: on Monday, 19th September 1988

Price bid less £50 per cent £50 per cent

INTEREST PAYABLE HALF-YEARLY ON 3RD FEBRUARY AND 3RD AUGUST This Stock will, on issue, be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The International Stock Exchange for the Stock to be admitted to the Official List.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive bids for the above

The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the solidated Fund of the United Kingdom.

The Stock will be repaid at per on 3rd February 1994.

4. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Stock registered at the Bank of England held for the account of members of the Central Gifts Office Service will also be transferable, in multiples of one penny, by exempt transfer in accordance with the Stock Transfer Act 1982 and the relevant subordinate legislation. Transfers will be free of stamp duty.

5. Interest will be payable half-yearly on 3rd February and 3rd August. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. The first interest payment will be made on 3rd February 1989 at the rate of £3.6562 per £100 of the Stock.

Method of Application
6. Bids may be made on either a competitive or a non-competitive basis, as set out below, and must be submitted on the application form published with this prespectus. Each application form must comprise either one competitive bid or one non-competitive bid. Separate arrangements have been made under which git-edged market makers may make competitive bids by telephone to the Bank of England not later than 10.00 a.m. on Wednesdey, 10th August 1988.

7. Application forms must be lodged at the Bank of England, New Issues (G), New Change, London, EC4M 9AA not later than 10.00 A.M. ON WEDNESDAY, 10TH AUGUST 1988, or at any of the Branches or Agencies of the Bank of England not later than 3.30 F.M. ON TUESDAY, 9TH AUGUST 1988. Bots will not be revocable between 10.00 a.m. on Wednesday, 10th August 1988 and 10.00 a.m. on Mondey, 15th August 1988. 8. Each bid must be for a minimum amount and in a multiple of Stock as follows:-

Amount of Stock applied for Multiple Competitive bids (minimum £100,000) £100,000—£1,000,000 £1,000,000 or greater £1,000,000 Non-competitive bids (minimum £1,000) £1,000—£10,000 £1,000 £10,000—£50,000 £5,000 £50,000—£100,000 £25,000

COMPETITIVE BIDS
Each competitive bid must be for one amount and at one price expressed as a multiple of 1/32nd of £1 and must be for a muntum of £100,000 nominal of Stock. A separate chaque representing the DEPOSIT DUE, i.e. THE PRICE BID LESS £50 FOR EVERY £100 NOMINAL OF STOCK BID FOR, must accompany each competitive bid. Chaques must be drawn on a branch or office, situated within the Town Cleaning area, of a settlement member of CHAPS and Town Cleaning

Her Majesty's Treasury reserve the right to reject any competitive bid or part of any competitive bid. Competitive bids will be ranked in descending order of pince and altotments will be made to applicants whose competitive bids are at or above the lowest pince at which Her Majesty's Treasury decide that any competitive bids should be accepted ("the lowest accepted pince"). APPLICANTS WHICES COMPETITIVE BIDS ARE ACCEPTED WILL BE ALLOTTED STOCK AT THE PRICES WHICH THEY BID: competitive bids which are accepted and which are made at prices above the lowest accepted price will be allotted in full; competitive bids which are accepted and which are made at the lowest accepted price may be allotted in full or in part only.

10. NON-COMPETITIVE BIDS
A non-competitive bid must be for not less than £1,000 nominal and not more than £100,000 nominal of Stock, and must be in one of the multiples described in paragraph 8 above.

Only one non-competitive bid may be submitted for the benefit of any one person. Multiple applications or suspected multiple applications are liable to be relected.

A separate cheque representing a DEPOSIT AT THE RATE OF £50 FOR EVERY £100 NORBINAL OF STOCK APPLIED FOR must accompany each non-competitive bid; chaques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the late of Man.

(iv) Her Majesty's Treasury reserve the right to reject any non-competitive bid. All allotments which are made to non-competitive applicants will be made in full AT A PRICE ("the non-competitive allotment price") EQUAL TO THE AVERAGE OF THE PRICES AT WHICH COMPETITIVE BIDS HAVE BEEN ACCEPTED, the average being weighted by reference to the amount accepted at each price and ROUSIDED DOWN TO THE BEEST MILITIDE OF 1 (250) OS 57.

(v) If the non-competitive allotment price is less then £100 per cent, the balance of the amount peid as deposit will be refunded by cheque despetched by post at the risk of the applicant.

(vi) If the non-competitive allotment price is greater than £100 per cent, applicants whose non-competitive bids are accepted may be required to pay a further deposit equal to the non-competitive allotment price less £100 for every £100 noninteal of Stock allocated to them. An applicant from whom a further deposit is required will be notified by letter by the Bank of England of the amount of Stock allocated to him and of the further deposit due, but such notification will confer no right on the applicant to transfer the amount of Stock so allocated. The despatch of ellotment letters to applicants from whom a further deposit is required will be delayed until such further deposit has been made.

11. Her Majesty's Treesury may allot to applicants less than the full amount of the Stock. Any balance of Stock not allotted to applicants will be allotted at the lowest accepted price to the Governor and Company of the Bank

of England, sesse Department.

12. Letters of allottment in respect of Stock allotted, being the only form in which the Stock (other than amounts held in the Central Gibs Office Service for the account of members) may be transferred prior to registration, will be despected by post at the risk of the applicant, but the despetch of any letter of allottment, and any refund of the beance of the amount paid as deposit, may at the description of the Bank of England be whiched until the applicant's cheque has been paid. In the event of such withholding, the applicant will be notified by letter by the Bank of England of the acceptance of his application and of the amount of Stock allocated to him, subject in each case to payment of his cheque, but such notification will confer no right on the applicant to transfer the Stock so allocated.

payment of his cheque, but such notification will confer no right on the applicant to transfer the Stock so allocated.

13. No allotment will be made for a less amount then £1,000 Stock, in the event of partial allotment, the balance of the amount paid as deposit will, when refunded, be remitted by chaque despetched by post at the risk of the applicant; if no allotment is made the amount paid as deposit will be returned likewise. Payment in full may be made at any time after allotment but no discount will be allowed on such payment, interest may be charged on a day-to-day basis on any overdue amount which may be accepted at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in stering ("LEOR") plus 1 per cent per annum. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for the relevant payment, for LBOR obtained from such source or sources as the Bank of England shall consider appropriate. Default in due payment of eny amount in respect of the Stock will render the allotment of such Stock liable to cancellation and any amount previously paid liable to forfeiture.

14. Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England, New Issues, New Change, London, EC4M 9AA on any date not later than 15th September 1988. Such requests must be signed and must be accompanied by the letters of allotment.

Such requests must be signed and must be accompanied by the letters of allotment.

15. Members of the Central Gits Office Service may subject to the provisions of the agreement governing their membership of that Service, surender a partity-paid letter of sitoment to the Central Gits Office for cancellation and for the Stock comprised therein to be credited to the member's account. The member who is shown by the accounts of the Central Gits Office as being entitled to any Stock shall, to the exclusion of all persons praviously entitled to such Stock, and any person claiming any entitlement thereto, both be treated as entitled to such Stock as if that member were the holder of a letter of allotment and be leable for the payment of any amount due in respect of such Stock. A member will be entitled at any time prior to registration to withdraw, in multiples of E100. Stock credited to the member is account and to obtain a party-paid letter of allotment comprising such Stock, and such member shall be liable for the payment of all amounts becoming due therefor in respect of such Stock unless and until that letter of allotment is surrendered to the Central Gits Office for cancellation as aforesaid.

16. Letters of allowment must be surrendered for registration, accompanied by a completed registration form, when the balance of the purchase money is paid, unless payment in full has been made before the due date, in which case they must be aumendered for registration not later than 19th Sentember 1988; registration of Stock held for the account of members of the Central Gits Office Service will be effected under separate arrangements. 17. Until the close of business on 30th December 1988, stock issued in accordance with this prospectus will be known as 84 per cent lineauty Stock, 1994 "A". The internet due on 3rd February 1989 will be paid separately on holdings of the selecting 85 per cent freesury Stock, 1994 and on holdings of "A" stock as at the close of business on 30th December 1988; consequently, interest mendates, authorities for income tax exemption and other notifications recorded in respect of holdings of additional stock will not be applied to the payment of interest due on 3rd February 1989 on holdings of "A" stock.

18. The last day for lodgement at the Bank of England of transfers for registration as "A" stock will be 28th December 1988. After this date, for purposes of certification, the "A" stock will not be distinguished from the existing 81 per cent "freesury Stock, 1994. From the opening of business on 3rd January 1989 the "A" stock will be amalgamented with the existing stock. 19. Application forms and copies of this prospectus may be obtained at the Bank of England, New Issues, New Change, London, ECAM SAA, or at any of the Branches or Agencies of the Bank of England; at the Bank of Iraland, Moyne Buskings, 1st Floor, 20 Calender Street, Beffast, BT1 5BN; or at any office of The International Stock Exchange in the United Kingdom.

Government statement
Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1885 which explained that, in
the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Benk of England or
their respective servents or agents undertake to disclose tax changes decided on but not yet announced, even
where they may specifically affect the terms on which, or the conditions under which, this Stock is issued or sold
by or on behalf of the Government or the Benk; that no responsibility can therefore be accepted for any omission
to make such disclosure; and that such omission shalf neither render any transaction liable to be set aside nor give
rise to any claim for compensation.

BANK OF ENGLAND LONDON 2nd August 1988

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#### **LONDON STOCK EXCHANGE**

### Special features in sluggish trading

A BATCH of special features provided what little interest: there was yesterday in other-wise listless UK securities mar-kets already drifting into the summer doldrums, Lacking a clear lead from either foreign exchange markets or Wall Street, UK shares slipped lower without suffering any significant selling pressure. Government bonds improved, house Some took comfort from although prices closed off the top after the disclosure of details of a further £750m of

Equity traders insisted that the tone of the share market was still reasonably optimistic. even if turnover was "abso-lutely dreadful" to quote one

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the view that institutional sell programmes are unlikely while so many fund managers are on holiday.

The absence of genuine investment interest left the market vulnerable to relatively minor developments. A misre-ported deal in Racal shares early in the session was

lower. Prices tried to rally later but could not hold their best levels at the end of the day.

The FT-SE Index, down 10.4 at first, closed with a net fall of

6.7 at 1855.5. Seaq volume of

876.5m compared with 381.7m

on the previous day.

With the exception of British
Gas, there were few features
among the blue chip international favourites. Trade in ICI was encouraged by reports that 60,000 American Depositary Receipts (ADRS), representing 240,000 shares, had been crossed in New York overnight. Glaxo, however, could muster turnover of only 237,000

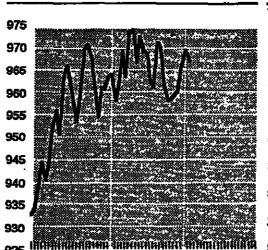
Bank shares remained dull.

thetic reception from City anainterim reports. In the life assurance sector,

Abbey Life continued to edge higher on hopes that an overseas bidder may appear. Insur-ance composites also edged foward against the trend of the market as sector analysts recommended the shares. At Smith New Court, Mr Steven Bird suggested that funds "should move to an overweight position" in the composites, on the basis that prospective 1988 yields of over 6 per cent are already discounting the current downturn in the under-

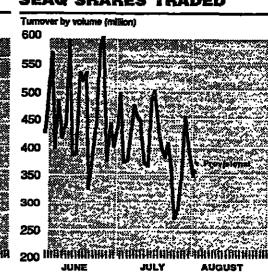
that next Wednesday will bring lysts for last week's batch of an auction of £750m of the existing Treasury 8% per cent 1994 issue was well taken. Traders had feared at least £800m of new stock, perhaps in the form of a convertible issue. When-issued trading of the new tranche commenced immediately, with late-quotations at £44 in partly-paid form. Bonds with maturities comparable to the auction stock eased on the announcement,

ending & lower. Longer dates came off the top but remained a net i up on the day. Index-linked (IL) bonds added about % after the authorities sold more of the IL In the Government bond Treasury 2¼ per cent 2016.



FT-A ALL-SHARE INDEX

SEAQ SHARES TRADED



Equity Value

London Report and

latest Share Index:

1814.5

#### Trading error hits Racal

RACAL dropped sharply in early trading after an apparent trade of 5m shares at 323p went through the system, setting off-market rumours that Cable & Wireless had sold its stake in Racal. Although the deal was soon revealed as a mistake - in truth only 50,000 shares at 334p were traded - the downward momentum was maintained until a late recovery brought the shares back to close 3 down at 325p on genuine turnover of around 5m. The C&W rumour

later proved to be unfounded.

The effect of the original error was compounded by the inability of the Stock Exchange to correct the figure given for Racal on the SEAQ running volume total. Marketmakers are increasingly unhappy at the way misreported deals can give the wrong impression about activity in a stock. In this case the repercussions were wider, as dealers blamed briefly turning the market

down in mid-morning.
Once the fog created by the blunder cleared, Racal recov-ered as marketmakers reacted positively to a series of meetings on Monday hosted by Sir Ernest Harrison, chairman of Recal. Analysts were said to have left the meetings in a bullish mood, impressed by the news that 2,500 new subscribers are signing on to the Vodafone network every week.

#### Chapter and Vaux

surround regional brewer. Vaux in which Sir Ron Brier-ley was known to have held a 2.8 per cent stake. In moderate who thought the group vulnervolume the shares gave up 13 sold Hotel group Queens Most Houses was mentioned as a possible purchaser. Unusual turnover in the stock last week and on Monday was seen as evidence that Mr Brierley was either adding to, or selling his stake, with broker Kleinwort. Grieveson said to have been dominating trade. The shares ran up strongly on hopes that a bid might be forthcoming: Mr Paul Nicholson, Vaux chairman, confirmed that "a' Section 212 search two weeks ago showed that Mr Brierley had reduced his stake to around 2 per cent, and I think he may have since sold the rest of his shares". He added that Queens Moat was known to hold I per cent of Vaux shares, but was unsure whether a single buyer had captured the

Late on it was confirmed

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stow, QM chairman, said: "We were offered the shares by a broker and took this excellent opportunity to increase our holding in a first-rate com-pany." He said QM presently has no aggressive intentions and added that the stake had been purchased at an average of 650p per share. QM shares fell a penny to 103p as news of the stake reached dealers.

#### Top spot for Gas

British Gas registered another large turnover, finally amounting to 12m shares, as overseas investors joined the current trading play. Gross-income funds and other sources continued to buy stock cum dividend and sell ex the payment. One particularly hig deal involved 3.5m shares late in the session at a price of 185%p cum dividend. Between bouts of two-way

domestic business, however, inquiry developed from further afield. One investment house remarked:"The attractions of the group are gradually being recognised by US and Far Eastern sources". It confirmed interest from American clients, and also believed the Japanese institutions to be net buyers of stock yesterday.

Touche Remnant's agree-

ment to sell Liberty Mutual of the US a 15 per cent stake was not a defensive move said vice-chairman Paul Manduca yesterday. "We could have placed the stock anywhere, but Chapter and Vaux

Speculation continued to saw the clear advantages of linking up with Liberty which has a fund management arm with \$13bn under manage-

ent, he continued. Mr Manduca's remarks failed who thought the group vulner-able. Eight quoted TR invest-ment trusts hold the capital of Touche Remnant Holdings (TRH), which has plans to go public with a stock market flo-tation.

international stocks ran into limited profit-taking early on as trading funds reduced their positions. Turnover was again poor, with institutions staying away and dealers describing interest as selective. ICI edged
3 better to 1047p as small US
buyers were matched by UK
sellers. Glaxo barely troubled sellers. Glaxo barely troubled the system as it fell 5 to 973p, while Unilever ran back 10 to

Ameraham International held its annual meeting amid considerable interest, but closed 21 down at 656p as dealers adopted a more realistic position on recent bid hopes. Keen buying was reported at lower levels. Second-line chamical stocks attracted demand

that Queens Moat had on persistent buying in a thin increased its stake in Vaux to 437 per cent. Mr John Bairgaining 9 to 270p, Yorkshire Chemicals gave up 11 to 26th after reporting well-received results. Dealers said the shares had been run up in front of the

> Redland traded more briskly than other building issues (some 2.6m shares changed hands) as several investment houses recommended the stock because of its income merits. The Redland share price closed

> 11 higher at 436p.
> As a result of a change in the group's year end to 81 December 1988, Redland shareholders will benefit in dividend payments. On this basis BZW rates the shares a significant income buy and Hoare Govett

> takes a similar view. Sears again amassed considerable volume - 10m shares - as dealers reacted sceptically to the Al Fayeds' description of their 10 per cent stake in Sears as a "first-class investment". Marketmakers regard the stake as still "in play", and Sears eventually closed 5 better at 137p, boosted by renewed spec-ulation that Lord Hanson has his eyes on the stores group.

This was despite an internal "sell" note from analysts at County NatWest WoodMac, who have calculated that Sears has a break-up value of only 166p a share. Mr Paul Aynsley believes that there is not enough upside in Sears to attract a big predator, saying, any serious bid would have to be pitched around the 175p level, but at that price there would be no change left over once the group was split up.

Empire Stores jumped 8 to 248p on news that La Redoute,

the French mail-order group, has upped its stake in Empire to 24.57per cent. La Redoute first revealed its hand in mid-July, when it snapped up nearly 20 per cent of Empire. Following reports that German mail-order giant Otto Versand is interested in acquiring the Freemans catalogue business from Sears, dealers see La

Redoute's stake-building in Empire as a logical step in preparation for the unification of the European market in

Ward White improved 6 to 300p on rumours - later con-firmed - that Warburg Securities is about to issue a strong "buy" note on the footwear group.
A low volume of trade made

for lacklustre trading in the Building sector. USM quoted Ashtead featured a gain of 15 to 5250 as analysts responded favourably to the preliminary figures, while demand in a thin market lifted MJ Gleeson 20 to 545p. RM Douglas hardened a few pence to 276p as Govett Strategic Investment Trust increased its stake to 18.36 per cent. J. Maunders, a poor mar-ket since aborted bid discus-sions, rallied 7 to 113p, but Beazer, still unsettled by recent termination of the Kop-pers chemical deal, met with further selling and fell 5 more to 177p. McCarthy and Stone eased 3 to 421p on the proposal to raise around 519 6m via an to raise around £19.6m via an

issue of preference shares. Steetley firmed 3 to 338p fol-lowing Spanish acquisition news, while Arncliffe continued to benefit from the good half-yearly results and moved up 7 futher to 208p. Vibroplant were noteworthy for a gain of 15 to 751p in a limited market, but Taylor Woodrow met with occasional profit-taking and ased a few pence more to

Ranks Hovis McDougail fell 6 to 460p in turnover of 1.3m as dealers reflected the belief that Goodman Fielder Wattie will succeed with its 465p per share bid. Other Food stocks were generally stale.

TI Group, awaiting tomor-row's interim figures, encountered fresh early support and touched 361p before falling back to 357%p, virtually unchanged on balance. Hoare Govett is forecasting pre-tax profits of £40.2m, but Morgan Grenfell is more conservative with an estimate of £36m.

#### **NEW HIGHS AND LOWS FOR 1988**

SEEW (60010) (72).
SETTING FUNDS (2) Trees, 25/20 6, 2012,
Do. 25/20 1, 2016, AMERICANS (4) Americans, Chemical Benking Corp., First:
Chicago, Quelor One, BARCE (2) Anabh
(H.), Refer trees, BREWERS (1) Mortand
(H.), Refer trees, BREWERS (1) Mortand BUILDRIGE (S) AMCINE, ABRONE, Value (IA.L.), Harrison Inde., Water State, CHEMICALS (S) Chemoxy Intl., Saynor Group, Yate Catto, ELECTRICALS (17) Alba, American Ress. CASE, Cambridge Sect.,

### **APPOINTMENTS**

### **Hambros** expands lending

Brierley stake.

■ As part of the expansion of its lending services to large corporate customers, HAMBROS BANK has appointed Mr H.N. Darling to the commercial banking division. He has joined as a director from S.G. Warburg & Co. The medium term loan business, currently managed by Mr Tem Boyce within the medium term finance and shipping division, has been transferred to the commerci banking division. Mr Boyce and Mr Darling will be responsible for marketing and transacting their respective services, including the provision of syndicated lending

m Mr John Loudon has become a shareholder in and a director of JAMESTOWN INVESTMENTS. He is chairman of Warrior

Mr Charles Morland, deputy managing director of RIGGS A.P. BANK, has been appointed managing director, succeeding Mr Brian Rowntree on his retirement. Mr Rowntree will continue during his retirement year as an executive director with special duties. The bank is a subsidiary of The Riggs National Bank of Washington.



Mr H.N. Dariing

■ Following the acquisition of Pentagon Chemicals by CARLESS REFINING AND MARKETING, Dr Peter Inglis, managing director of Pentag joins the Carless board. Mr Dents Windle has been promoted to the Carless board as director of business development. Mr Ken Wiseman, managing director of Carless, and Mr Windle, have joined the board of

GEORGE WIMPEY has appointed Mr Richard C.C. Saville as corporate finance executive. He was a director of Morgan Grenfell Securities, in charge of the oil research

# Mr Ian Darke has been appointed managing director of Bremsbelag, T&N's friction

materials subsidiary in West Germany. He remains a

Mr Ronnie Aitken and Mr Graham Errington, directors of Ecobric Holdings, for which ZURICH GROUP is making an offer, will join the Zurich

■ Mr Peter Arnold has been appointed group finance director of KINGSGRANGE. He was with RTZ Corporation where he was finance director of RTZ Metals.

Mr Rugh Thornton formerly a director of E.F. Matthews & Co and Parrish Stockbrokers, has joined WARNE INVESTMENT AND FINANCIAL SERVICES.

Mr Robin Thompson has been appointed group planning director at INCHCAPE. He was with Rockwell International.

Mr Ciyve Perkin has been appointed a director of HEWETSON, Hull. He is managing director of Benneti (Windows) which was acquired by Hewetson in December 1987.

BRIERLKY INVESTMENTS has appointed Mr R.H. Matthew to a new post as chief executive - New Zealand, from September 1. He is chief executive of Magnum Corporation, a subsidiary. He also joins the main board.

Mr Bill Simpson has been appointed director of human resources at DAWSON INTERNATIONAL from

October 17. He is divisional director (UK regions) of the Industrial Society.

RUBERY OWEN
ROCKWELL has appointed
Mr Helmut Passet as managing director of its West German subsidiary. He was with Rockwell Bremsen, Alzenau, where he was director of

■ Mr David Thornton has joined the board of MARSHALLS HALIFAX following the acquisition of George Armitage & Sons. He was finance director of Armitage, and will become managing director of the Armitage operation.

**Mr** Raiph Staniland has been appointed chief manager of NATIONAL WESTMINSTER BANK's Lothbury office, City of London, succeeding Mr Creighton Redman, who becomes managing director of County NatWest Group's finance division. Mr Brian Pay, who succeeds Mr Staniland as chief manager of the 21 Lombard Street office, was senior manager of Mincing

ARC CONSTRUCTION has appointed Mr Tony Digby-Bell as finance director and company secretary. He joins from. Babcock International where he was finance director and company secretary of Babcock Woodall-Duckham, He replaces Mr Cole Jones, who retires on

Lane branch.

Davy Corporation, reflecting US expansion news, traded firmly at 146p, up 3, while Smiths Industries responded to the US Navy contract for "black boxes" with a rise of 6

British Airways continued to claim attention ahead of Thurday's first-quarter figures. Around 3.1m shares traded and the price improved afresh to 161p before ending only a penny up on balance at 159p. Lister, the Textile manufacturer, were bought again as stories circulated of an impend-ing property deal in Sheffield. The shares closed 4 higher at 125p. Elsewhere, Jerome rose 8

Declining crude prices meant dull conditions for leading independent oils which failed to recover from an early markdown. Enterprise closed 8 down at 489p while LASMO, restless in the absence of bid developments, settled 8 lower at 45sp. Carless Capel drifted back 3 to 116p following the purchase of City Oll Exploration, whose principal asset is a 10 per cent interest in UK petroleum production licence No. 522 (block 49/3). Clyde Petroleum, which has now dis-posed of all of its US interests with the exception of certain minor non operated properties, eased to 124p.

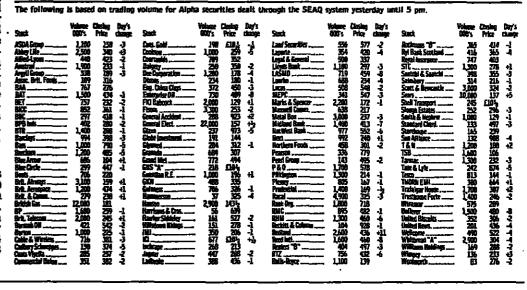
A total of 28,176 contracts (17,705 calls and 10,471 puts) were reported on a busy day in the Traded Options Market. Star performer was Sears with 3,155 contracts, followed by Racal with 2,741 calls and 584 puts, and Cadburys with 1,723

91.43 (18/4) 127.4 (8/2)195.4 734.7 43.5 (13/5) (16/2/83) (26/10/71) Ord. Di. Yleid Earning Yld. %(fuil) PÆ Ratio (Net)( ). SEAQ Bargains (5pm) Equity Turnover (£m) Equity Bargains Shares Traded (ml) 4.59 11.64 10.47 26,696 1084.62 27,415 454.4 . S.E. ACTIVITY Aug 1 July 29 Gitt Edged Bergsins 108.4 105.3 Equity Bargains Equity Value ●Opening ●18 am. ●11 am. ●12 pm. ●1 p.m. 1493.8 1492.1 1492.1 1490.5 1490.8

FINANCIAL TIMES STOCK INDICES

DAY'S HIGH 1493,2 **DAY'S LOW 1489.3** Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆ N⊞ 10.47

### TRADING VOLUME IN MAJOR STOCKS



This announcement appears as a matter of record only

Management Buy-Out

### THE BRICOM GROUP

£359,000,000

SYNDICATED DEBT FACILITIES

Lead managed and arranged by

Standard Chartered Bank

#### **Lead underwriters**

Standard Chartered Bank. **Barclays Bank PLC** Crédit Lyonnais

Bank of Scotland Creditanstalt-Bankverein The Royal Bank of Scotland plc

### **Participants**

Bank of Tokyo Group Crédit du Nord, London Branch Den norske Creditbank PLC Generale Bank, London Branch Banco Hispano Americano Limited Kleinwort Benson Limited Midland Bank plc Riggs A P Bank Limited The Tokai Bank, Limited

Canadian Imperial Bank of Commerce The Dai-Ichi Kangyo Bank, Limited Dresdner Bank AG, London Branch Hill Samuel & Co. Limited The Industrial Bank of Japan, Limited The Long-Term Credit Bank of Japan, Limited PRIVATbanken Limited

The Sumitomo Bank, Limited

### Standard & Chartered

July 1988

#### **COMMODITIES AND AGRICULTURE**

### Gloomy outlook for grain exports

DECLINING MARKETS for grains produced by industrialised countries could necessitate the removal from grain production of nearly 50m hectares of land (an area the size of Spain), the International Wheat Council secretariat warns in a sombre report published yesterday.
It says that the a "profound

shift in the structure of the world grains economy" over the last 20 years has resulted in much greater dependence by grain exporting countries on

markets provided by developing countries.

However, such markets could well be in jeopardy if grain prices rise because many developing countries face chronic financial difficulties and would be unable to core and would be unable to cope with higher import bills.

The secretariat adds: "The

consequences of the inability on the part of developing countries to finance or handle their increasing requirements would be grave for exporting countries, which would forego the only realistic chance of market growth."

It believes, however, that the

S SOYABEAN growers will have to improve the quality of their crop if they are to hold market

share in Japan, according to Mr Ken Bader, head of the American Soybean

He told a conference on

agricultural trade between

Illinois and Japan last week

that higher quality South American produce was

threatening to erode US soya-

bean sales to its most

Japanese demand for soya-

beans has soared in the last 30

years to 180m bushels, from

ust 22m bushels in 1956, when

the ASA first opened a marketing office in Tokyo, Mr

Bader said. US growers currently supplied around 89 per cent, but that marked a slight retreat from a 92 per

cent share a few years ago.
In that time, exports from

Brazil and Argentina had penetrated the Japanese

market, where those countries'

sovabeans were considered to

be cleaner and higher in

protein and oil content. "We're

going to have difficulty meeting that competition until

we can produce beans at least-cost and with improved quality," Mr Bader warned.

some economic incentive built

process to encourage plant

He insisted there should be

important customer.

results "would be disastrous

for low income importing countries, whose populations could suffer food shortages on a scale surpassing any seen so

far."
The IWC report notes that developing countries, among which it includes China, now account for nearly 60 per cent of the world's total grains trade compared with less than 40 per cent in the mid 1960s.
This amounts to a

transformation in the structure of world grain markets which have traditionally been dominated by the requirements of the industrialised countries,

Even at the depressed international prices of the mid-1980s, the less developed countries were paying "huge sums" for their grain imports
- over \$14bn in 1986. Should prices return to their 1980 levels, "their import bill could

The indebtedness of many such countries makes such a high level of imports highly unlikely but the report notes that while demand will, in all probability, continue to increase, the capacity of the physical infrastructure such as

THE ARGENTINE Economy

per cent tax rehate on exports of soya products, reports Reu-

ter from Buenos Aires.

ports and railways in many developing countries will also severely limit higher imports. The IWC notes that demand for grains has grown in developing countries princi-

pally because of increasing population and urbanisation, while the shift to imported grains has often been helped by food subsidies paid by developing country govern-ments — many of which are finding the cost of such subsidies increasingly difficult to bear

While it notes that there are very considerable regional disparities among developing countries, it predicts that the rate of increase in their total demand will slow to 2.5 per cent a year, compared with the current 4 per cent. The report puts their demand for grain by the year 2000 at 1.272m tonnes compared with 876m tonnes in

Given that production of grains is expected to rise in developing countries, the IWC predicts that they will have a net deficit of 73m tonnes of wheat in the year 2000 (compared with 57m tonnes in

1985), plus 58m tonnes of coarse grains (12m tonnes) and 5m tonnes of rice (Im tonnes).

Its calculations "suggest that in order to meet projected demand (including domestic demand) in the year 2000, wheat production in the industrialised countries would need to be only 280m tonnes. need to be only 289m tonnes compared with 304m in 1985 coarse grains output would have to rise to 575m tonnes from 559m tonnes and rice to 34m tonnes from 26m tonnes."

It concludes: "Assuming perhaps conservatively, that grain yields increase at only half the rate achieved between 1975 and 1985, further area reductions will be necessary if stocks are not to build up. The projections imply that wheat areas in the industrialised countries will have to decline by 26m ha to 103m and coarse grains by 20m ha to 143m ha. Rice areas (5m ha) would stay

Long-term Outlook for Grain Imports by Developing Countries; from the International Wheat Council, 28 Haymarke London SWIY 4SS. Price £20 of

### **Deborah Hargreaves** on the threat to Japanese market share quality. Mr Sakai stressed

Mr Bader said, "there is no incentive to pay much attention to growing plants with a higher protein content." He stressed that not all American beans were low in protein, "but the US processors

US soya growers face quality challenge

tend to reach out and grab the highest quality ones and the rest go for export." If a series of discounts for beans containing lower protein or oil was built into the grading process, farmers would be encouraged to upgrade, he argued. That also needed to be coupled with an educational process, stressing the need for

igh quality beans. There was no reason why high yields, high quality and least-cost could not go hand-in-hand, he said. Even with higher freight rates between Latin America and Japan, Argentina and Brazil were selling better quality beans at a lower price. In fact, Japanese soya-oil processors had stopped paying a 5 to 7 cents-per-bushel premium for higher quality US beans as they could buy the same strains at a world price

into the soyabean grading from South America. Mr Bader expected current US exports to Japan - of some 160m bushels (60 lb each) - to breeders to develop, and farmers to grow, better strains drop by 14m bushels next year of soyabeans. "The emphasis has all been on high yields," because of higher world prices

Close Previous High/Low

COCOA E/tonne

It said the rebate was almed at correcting distortions created by production and export incentives in other

and lower quality US beans. However, in spite of the drought, which is expected to cut soyabean output to anything from 13bn to 15bn bushels - 1.9bn is a normal year's crop - the US would continue to be a reliable supplier, he stressed.

Soyabean stocks are forecast to drop this year to 290m bushels and to 145m bushels next year. That means supplies will be tight, but there will be an adequate crop for export. It is not just soyabeans that

suffer from quality problems in Japan, conference delegates were told. Mr Shohei Sakai, were total. Mr Shoner Sakar, general manager of the agri-marine products division of Marubeni America, explained that US maize often arrived in a less than clean state. He described how Japanese feed manufacturers started marketing cleaner Argentine maize to chicken farmers. The higher quality maize darkened the yolks of the chickens' eggs and prompted a rise in

The chicken farmers tried to get more Argentine maize, but could not secure a constant supply, and were forced to turn back to the US. That underlined the US need to improve

Otherwise, given the opportunity, end-users would

turn to other sources, US suppliers had not ignored quality issues and had shown a willingness to get together with transport companies, exporters and processors to discuss quality problems, said Mr Darwin Stolte, president of the US Feedgrains Council. That initiative would have to be translated into regulations and incentives.

Japanese feedgrain imports

had risen to 15.5m tonnes from only 6m tonnes in 1970, Mr Stolte said, with the US holding 72 per cent of total market share. He projected that by 1995, Japan would be importing as much as 27m tonnes of grains.

The US growers had done

much to improve the quality image of US maize in Japan, he said. But to ensure a quality product was delivered, it was necessary to measure the deterioration of the maize as it passed through the system, he believed. "We need to get the whole picture and identify where the problems are." Mr Richard Lyng, US

agriculture secretary, stressed that the US would be a firm agricultural supplier to Japan in spite of this year's drought. "We will not restrict exports to protect purchases in our own country," he said. "They may have to pay a little more for it

- I'm not promising cheap prices - but we will have

### Portuguese grain port plans big expansion

By Diana Smith in Lisbon

SILOPOR, PORTUGAL'S year-old grain storage and handling corporation, has launched an ambitious plan to rival Rotterdam as a centre for the transfer of grain and solid animal feeds from large bulk carriers to smaller coastal

The focus of the plan is Silopor's new, fully computer-ised grain terminal at Trafaria on the mouth of the Tagus, which can transfer up to 20,000 tonnes a day of solids directly from large to smaller vessels. or store up to 200,000 tonnes in

Grain trans-shipments began in 1987 to Madeira, the Azores and the Canary Islands. This year Silopor has begun transferring US grain destined for North African ports. It expects to handle 500,000 tonnes in 1988 compared with 142,000 tonnes in 1987. Expanded capacity in the coming years will permit Silopor terminals in Trafaria, Beato on the north bank of the Tagus, and Leixoes in the north, to handle over 2.5m tonnes a year.

Geographically Portugal's ports are competitive with northern European ports: they are on the main routes between North or South America, the Mediterranean and beyond. Furthermore Silopor is wooing Spanish grain and animal feed manufacturers associations to use Trafaria or Leixoes for their imports or exports, with the argument that in many cases Portuguese ports are closer to production centres than Spanish ones.

Only with the creation of Silopor, on the break-up of the grain handling and trading monopoly EPAC, obeying the Treaty of Rome which bars state trading monopolies has Portugal made a concerted effort with modern technology, high profile marketing and pruned bureaucracy, to compete with sophisticated Rotterdam, at a modest transshipment fee of \$5 a tonne.

#### INTERNATIONAL BOURSES

21st September 1988

For a full editorial synopsis and dvertisement details, please contac RUTH PINCOMBE

on 01-248 8000 ext 3428 or write to her at: Bracken House London EC4P 4BY

WORLD COMMODITIES PRICES

**FINANCIAL TIMES** 

**US MARKETS** 

were the days most active

Chicago and New York grain markets

commodities, reports Drexel Burnham

closed up 67 after trading in 150 point

range. Coffee fell again losing over 712 ents. in Chicago, soybean and com

futures gained in a choppy dat. Wheat

prices slipped 314 in the December

contract on less volume. Precious metals prices declined late in the day

as the US dollar gained strength. Gold lost 3.30 while silver slipped 7 cents.

Platinum sold off 8% in light volume. In

the crude oil markets, late selling from

the trade weakened prices. Sell stops were touched off at the 15.90 level in

the September contract to add to the

market due to the upcoming OPEC

nergy and metal prices.

decline I acsi traders also sold off the

talks tomorrow. The CRB index was down 200 points refelecting the weaks

Lambert in New York, sugar prices

### Coffee prices in free fall

COFFEE PRICES went into free fall again yesterday in both London and New York as what one dealar described as "the sickness in the market"

returned.
On the London Futures and Options Exchange (Fox) three-month robusts coffee closed almost £100 a tonne down after touching a seven-year low of £880 a tonne, compared with the previous close of £1,020. As happened last week, the

London market opened 240 to 550 lower following a sharp overnight fall in New York, where speculative money is being shaken out. The rapid early fall fed on itself as "stop-loss" selling orders were triggered, dealers said. But late in the afternoon some trade buying emerged, pulling prices off the day's lows.

Analysis and traders agree that the fundamentals of the coffee market have been overtaken by technical factors. "The big funds and speculators"

THE INTERNATIONAL COCOR Organisation (ICCO) yesterday bought 7,610 tonnes of cocoa for its buffer stock to replace earlier purchases which contracted traders failed to

deliver on time.

The majority of the cocoa bought - 7,160 tonnes - was grown in the Ivory Coast, the grown in the Ivory Coast, the world's higgest producer, which has been withholding sales because it believes world prices are too low. Cocoa prices on London Fox rose in the morning in anticipation of the purchases, but by the close the second position futures contract was back down at 1932, only \$2 a towns up on the £938, only £2 a tome up on the

have left the people who really care about the coffee market standing on the sidelines," said

to last week's cut in problems.

Organisation's world export quota, which now stands at 51.5m bags. The cut — the last possible in the current coffee year — had been fully discounted by the market, so anyone who was holding a long position in the hope of a price rise had to get out quickly.
In addition, talks last week
between producers and
consumers at the ICO's
Technical Preparatory Group ended with both sides as far ended with both sides as far apart as ever. Consumers are seeking extensive reforms to the current pact, which expires at the end of September 1989. Producers do not want to see it changed.

The full ICO Council is to meet for two weeks from September 19 to discuss next year's quotas and the shape of the next pact. But after last week's inconclusive talks, traders doubt that it will be

the International Coffee Organisation's world export

traders doubt that it will be The fall can be traced back able to solve the ICO's many

### Brokers disagree about copper

By Kenneth Gooding, Mining Correspondent

TWO SHARPLY contrasting the first six months, implying views of the future for copper are presented by the latest reports on the industry by stockbrokers W.I. Carr and rivals Shearson Lehman

Carr states: "What we have seen so far is merely the first stage of a secular bull market which will carry the copper price much higher, faster and for longer than most industry observers, participants and portfolio managers dare even

"We are potentially facing market conditions similar to those prevailing in the 1964-1974 period when, despite volatile fluctuations, the real price of copper averaged \$1.80 a h."

In contrast, Shearsons believes there is considerable scope for the copper price to fall. It suggests, however, that stocks are so low that there is no question, for the forseeable future, of the price reverting to the 55 cents to 65 cents a lb seen during the recession. But Shearsons forecasts an

average price of 91 cents a lb for the second half of this year, compared with 105.4 cents in

an average of 98 cents for the year as a whole. In 1989 the average is predicted to fall to

80 cents. Both brokers base their price predictions on their views of potential supply and demand. Shearsons expects a small surplus in 1988 followed by a much larger one in 1989. Carr says the entire weight

of the argument for or against a potentially higher copper price is on the production side the equation. "For our estimate of consumption to be satisfied,

mine production will have to rise by almost 550,000 tonnes this year," it says. The probability of this happening is near zero."
It points to the forecast by the International Wrought

•	
LIGE WARRENOUSE (Change during week tonnes	
Aluminkim standard Aluminkim high grad	-5,050 to 68,375 e-700 to 51,775
Copper Grade A	+2,900 to 119,075
Lead	+1,150 to 66,250
Nickel	+120 to 3,186
23ne	+ +800to 36,225
Tla	-450 to 14,530

Silver (oz). +80,000 to 14,934,000

Furthermore, there have

Copper Council, that 1968 mine

output would rise by about 350,000 tonnes. "This

association has a history of

overestimating production,

Carr comments.

been recent statements from Zambia and the Philippines and reports from Zaire which indicate that production has fallen significantly. "Such declines were not anticipated by the IWCC."

#### Floods damage Chinese crops

MAIZE, POTATO and soyabean crops in southeast China's Zhejiang province will be sharply reduced following weekend flash floods, officials and aid workers said, reports Reuter from Pekinz.

Cash crops such as cotton, flax, mulberry, tea and fruit trees were also seriously

The floods swamped 730,000 hectares of parched farmland and destroyed roads, bridges, reservoirs, communications and power lines.

### **WEEKLY METALS PRICES**

All prices as supplied by Metai 7.50-5.00 (7.50-5.10).

Bulletin (last week's prices in COBALT: European free than 1h. ANTIMONY: European free

market 99.6 per cent, \$ per in war tonne, in warehouse, 2,035-2,080 6.95). (same). BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse,

5.35-5.50 (same). CADMIUM: European free market, min. 99.5 per cent, \$. per lb, in warehouse, ingots

market, 99.5 per cent, \$ per lb, in warehouse, 6.80-7.00 (6.70-6.95)

MERCURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 315-325 (320-333).

MOLYBDENUM: European free market, drummed molybdic oxide, \$ per lb Mo, in warehouse, 3.40-3.50 (same).

SELENIUM: European free market, min 99.5 per cent, \$ per lb, in warehouse, 9.65-9.80

rame). TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO, cif, 49-57 (48-56).
VANADIUM: European free market, min. 98 per cent, VO, cif, 4.90-5.30 (4.50-5.10).

URANIUM: Nuexco exchange value, \$ per lb. UO, 15.10 (same).

826/0 841/0 847/0 850/0 849/0

27.30 27.50 27.95

### LONDON MARKETS

BASE METAL contracts denominated in sterling on the LME were buoyed by the pound's weakness against the dollar yesterday. The biggest gainer was lead, which rose in the afternoon on mixed buying and shortcovering.
Three-month metal closed just above £350 a tonne, a rise of £7. The firm lead market also helped zinc prices Copper prices closed slightly ahead in spite of touching two-month lows early in the afternoon. Dealers said a recovery on Comex against the background of weaker sterling triggered some general covering. Gold bullion closed a fraction lower in very thin trade. Light professional selling reflected the anti-inflationary impact wer crude oil prices, dealers said. A the Baltic Futures Exchange, soymeal futures advanced, but closed below the

day's highs after erratic movement in

Chicago.		
SPOT MARKETS	-	
Crude ell (per barrel FOB S	eptember)	+ or -
Oubel Brent Blend	\$13.50-3.60y \$15.35-5.45z	-0.20 -0.245
W.T.l. (1 pm est)	\$15.85-5.90y	
Oil products (NWE prompt delivery per	lonne CED	
(MILE prompt conter) per	WIND C. ,	+ or -
Premium Gasoline	\$181-183 \$134-136	
Ges Oil Hoevy Fuel Oil	\$68-70	-;
Nashtha	\$141-143	
Petroleum Argus Estimates	1	
Other		+ or -
Gold (per troy 02) 4 Sliver (per troy 02) 4	\$433.25 683c	-0.50
Platinum (per troy oz)	\$522.50	-4.50
Palladium (per troy oz)	\$122.25	-3.25
Aluminium (tree market)	\$2805.0	-7.5
Copper (US Producer) Lead (US Producer)	101 <sup>5</sup> 3-102c 38c	-12
Nickel (free market)	635c	-10
Tin (European free market)	£4310	+1-
Tin (Kuale Lumpur market) Tin (New York)	19.16r 342.00c	+0.06
Zinc (Euro. Prod. Price)	\$1200	. 0110
Zinc (US Prime Western)	65%c	
Cattle (live weight)?	116.96p	+1.86*
Sheep (dead weight)† Pigs (live weight)†	211.78p 69.85p	+25.5° +1.90°
	\$306.0x	-34
London daliy sugar (raw) London daliy sugar (white)		-7
Tate and Lyle export price	€289	<b>-3</b>
Barley (English feed)	£101.5z	-0.5
Maize (US No. 3 yellow)	£143.5w	
Wheat (US Dark Northern)	unq	
Rubber (Spot) *	75.25p 81.25p	-0.50 -0.50
Rubber (Sep) 🖤 Rubber (Oct) 🖤	81.50p	-0.50
Rubber (KL RSS No 1 Aug)	349.5m	-0.5
Coconut oil (Philippines)§	\$620x	+20
Palm Oii (Malaysian)š Copra (Philippines)š	\$472.5s \$425	
Sovabeana (US)	\$202w	+ 18
Cotton "A" index	60.45c 650p	-0.30
Wooltops (64s Super)		

Sep	938	934	. 949 933
Dec	938	936	944 930
Mar	940	942	946 932
May	953	956	959 948
Jul Sep	970 967	971 989	972 966 990 980
Dec	1030	1030	1028 1019
Turnow	or 3001 /	9074\ Inte d	d 10 tonnes
ICCO &	n: asser (	arregions (SDE	k ner tonnel. D
price fo	r Aug 1;	1163.26 (11	ts per tonne). Do 193,32) :10 day av
ege for	Aug 2: 1	212.77 (121	8.30)
COFFEE	Chonne		
	Close	Previous	High/Low
Şep	908	1012	977 675
Nov	922	1020	984 880
Jan Mar	950 950	1020 1030	990 900 993 905
May	954	1035	1001 950
Jly	970	1040	1000 ,965
Turnove	r: 8896 £	2088) lats d	f 5 tonnes
CCO H	rdicator p	rices (US	cents per pound) (109-21); . 15 (
			(109-21); . 15 (
	113.03 (		
	(\$ per to	nne)	
Raw	Close	Previous	High/Low
Oct	277.00	284.80	278.00 243.00
Dec	266.00	252.00	
Mar May	256.00 252.00	243.80 239.40	255.00 230.00 237.00 230.00
Aug	249.00	234.00	232.00 231.40
Oct	247.00	230.00	
White	Close	Previous	High/Low
Oct	290.00	279.00	290.00 261.00
		277,00	271.00 257.00
Dec	285.00	411.00	2/1.00 20/.00
Dec Mar	286.00	275.00	274.00 261.00
Dec Mar May	286.00 286.00	275.00 275.00	274.00 261.00
Dec Mar	286.00	275.00	
Dec Mar May Aug Oct	286.00 286.00 285.00 285.00	275.00 275.00 276.00 276.00 5545 (4423)	274.00 261.00
Dec Mar May Aug Oct Turnove	286.00 286.00 285.00 285.00 ar. Raw 4	275.00 275.00 276.00 276.00 5545 (4423)	274.00 261.00 271.00 268.00 lots of 50 tonn
Dec Mar May Aug Oct Turnove White 14 Paris- W	286.00 285.00 285.00 285.00 rr. Paw 4 472 (1345 thite (FFr	275.00 275.00 276.00 276.00 5545 (4423) ) . per tonne):	274.00 281.00 271.00 268.00 lots of 50 tonn Oct 1690, Dec 16
Dec Mar May Aug Oct Turnove White 14 Paris- V Mar 168	286.00 286.00 285.00 285.00 37. Paw 4 472 (1345 Thite (FFr 80, May 1	275.00 275.00 276.00 276.00 5545 (4423) ) . per tonne):	274.00 261.00 271.00 268.00 lots of 50 tonn
Dec Mar May Aug Oct Turnove White 14 Paris- V Mar 168	286.00 285.00 285.00 285.00 ar: Raw : 472 (1345 White (FFr 80, May 1 L S/tonne	275.00 275.00 276.00 276.00 5545 (4423) ) . per tonne): 685, Aug 16	274.00 268.00 271.00 268.00 lots of 50 tonn Oct 1690, Dec 16
Dec Mar May Aug Oct Turnove White 1/ Paris- W Mar 168 GAS OH	286.00 285.00 285.00 285.00 ar: Raw ! 472 (1345 thite (FFr 80, May 1 L \$/torine	275.00 275.00 278.00 278.00 5545 (4423) ) per tonne): 685, Aug 16	274.00 261.00 271.00 268.00 lots of 50 tonno Oct 1690, Dec 16 390 Oct 1695 High/Low
Dec Mar May Aug Oct Turnove White 10 Paris- 10 Mar 168 QAS Off	286.00 285.00 285.00 285.00 ar: Raw : 472 (1345) White (FFr ID, May 1 L S/tonne Close 135.25	275.00 275.00 276.00 278.00 5545 (4423) )	274.00 261.00 271.00 268.00 lots of 50 tenn Oct 1690, Dec 16 390 Oct 1695 High/Low 135.00 134.50
Dec Mar May Aug Oct Turnove White 1- Paris- W Mar 168 GAS Off Aug Sep Oct	286.00 286.00 285.00 285.00 672 (1345 thite (FFr 80, May 1 L S/torme Close 135.25 135.75 137.25	275.00 275.00 276.00 278.00 5545 (4423) ) per tonne): 685, Aug 16 Previous 138.60 138.75 138.50	274.00 261.00 271.00 268.00 271.00 268.00 Oct 1690, Dec 16 380 Oct 1686 High/Low 136.00 134.50 138.25 135.00 137.50 138.25
Dec Mar May Aug Oct Turnove White 1 Paris- W Mar 168 GAS OB Aug Sep Oct Nov	286.00 285.00 285.00 285.00 xr. Raw ( 472 (1345/hite (FFr 80, May 1 L \$/torme Close 135.25 135.75 137.25	275.00 275.00 278.00 278.00 278.00 5545 (4423) } per tonne): 685, Aug 11 Previous 138.60 138.75 138.50 139.75	274.00 261.00 271.00 268.00 lots of 50 tonn Oct 1690, Dec 16 360 Oct 1686 High/Low 136.25 135.00 137.50 136.25 139.00 137.00
Dec Mar May Aug Oct Turnove White 1- Paris- W Mar 168 GAS Off Aug Sep Oct	289.00 285.00 285.00 285.00 FT. Raw ! 472 (1345/thte (FFr X). May ! L. S/tonne Close 135.25 138.75 138.75 138.00	275.00 278.00 278.00 278.00 278.00 265.45 (4423) ) per tonne): 685, Aug 16 Previous 138.60 138.75 138.50 139.75 140.25	274.00 261.00 271.00 268.00 Lots of 50 tenn Oct 1690, Dec 16 380 Oct 1695 High/Low 136.00 134.50 137.50 136.25 139.00 137.03 139.50 138.25
Dec Mar Mar May Aug Oct Turnove White 10 Paris- 19 Mar 168 GAS Off Aug Sep Oct Dec Jen	285.00 285.00 285.00 285.00 T. Raw ! 472 (1345) White (FFr X). May ! L \$/torne 135.25 138.75 138.25	275.00 275.00 278.00 278.00 5545 (4423) ) per tonne): 685, Aug 16 Previous 138.50 138.75 138.50 139.75 140.25 139.25	274.00 261.00 271.00 268.00 271.00 268.00 Oct 1690, Dec 16 380 Oct 1686 High/Low 138.00 134.50 138.25 135.00 137.50 138.25 138.00 137.00 138.55 138.00
Dec Mar May Aug Oct Turnove White 10 Paris - W Mar 168 GAS OB Sep Oct Nov Dec Jan	286.00 286.00 285.00 285.00 III. Raw ! 472 (1345 finite (FFr ID. May 1 L \$/torme 135.25 138.75 138.75 138.75 138.25 III. 38.60 138.25	275.00 275.00 278.00 278.00 5545 (4423) ) per tonne): 685, Aug 16 Previous 138.50 138.75 138.50 139.75 140.25 139.25	274.00 261.00 271.00 268.00 Lots of 50 tenn Oct 1690, Dec 16 380 Oct 1695 High/Low 136.00 134.50 137.50 136.25 139.00 137.03 139.50 138.25
Dec Mar May Aug Oct Turnove White 10 Paris V Mar 168 GAS OB Aug Sep Oct Nov Dec Jan Yurnove	286.00 286.00 285.00 285.00 xr. Raw (472 (1345) fhite (FFr 10, May 1 L \$ftcrine 135.25 138.75 138.75 138.25 rr 3258 (4 1 \$ftcrine	275.00 275.00 276.00 278.00 278.00 545 (4423) 545 (4423) 545 (4423) 545 (4423) 545 (4423) 545 (4423) 545 (4423) 545 (4423) 545 (4423) 138.50 138.50 138.50 138.75 140.25 140.25	274.00 261.00 271.00 268.00 10ts of 50 tonn Oct 1690, Dec 16 990 Oct 1696 High/Low 136.00 134.50 137.50 136.25 138.00 137.00 139.50 138.25 138.75 138.00 100 tonnes
Dec Mar May Aug Oct Turnove White 1: Paris- W Mar 168 GAS Off Aug Sep Oct Nov Dec Jen Turnove QRAINS	286.00 285.00 285.00 285.00 285.00 372 (1345 472 (1345 472 (1345) 472 (1345) 473 (1347) 474 (1347)	275.00 275.00 276.00 278.00 5545 (423) per torme): 685, Aug 1/ Previous 138.50 138.75 140.25 140.25 159.26	274.00 261.00 271.00 268.00 1ots of 50 tonn Oct 1690, Dec 16 380 Oct 1685 High/Low 136.00 134.50 136.25 135.00 137.50 136.25 139.00 137.00 138.75 138.00 100 tonnes
Dec Mar May Aug Oct Turnove White 1. Peris- 19 Mar 168 QAS OE Aug Sep Oct Nov Dec Jen Turnove GRAINS	286.00 285.00 285.00 285.00 272 (1345) (hite (FFr ID. May 1 L \$/torne Close 135.25 135.75 137.25 138.75 138.25 or 3258 (4 12/torne Close	275.00 275.00 278.00 278.00 278.00 5545 (4423) } per torne): 685, Aug 1i Previous 138.50 139.75 140.25 139.25 464) lots of	274.00 261.00 271.00 268.00 16ts of 50 tonn Oct 1690, Dec 16 180 Oct 1686  High/Low 136.00 134.50 136.25 135.00 137.50 136.25 138.07 138.25 138.07 138.25 138.75 138.00 100 tonnes  High/Low 104.76 103.90
Dec Mar May Aug Oct Turnove White 1. Peris- W Mar 168 GAS OH Aug Sep Oct Nov Dec Jen Turnove GRAINS Wheat	286.00 285.00 285.00 285.00 285.00 372 (1345 472 (1345 472 (1345) 472 (1345) 473 (1347) 474 (1347)	275.00 275.00 276.00 278.00 278.00 278.00 278.00 3545 (4423) 3685, Aug 14 2865, Aug	274.00 261.00 271.00 268.00 10ts of 50 tons Oct 1690, Dec 16 990 Oct 1695 136.00 134.50 136.25 135.00 137.50 136.25 139.00 137.00 138.73 138.00 100 tonses High/Low 104.75 103.90 107.00 106.25
Dec Mar May Aug Oct Turnove White 1- Paris- W Mar 168 GAS Off Sep Oct Nov Dec Jen Jurnove GRAINS Wheat	286.00 285.00 285.00 285.00 285.00 285.00 472 (1345 472 (1345 472 (1345 472 (1345) 473 (135) 474	275.00 275.00 276.00 278.00 27	274.00 261.00 271.00 268.00 271.00 268.00 10ts of 50 tonn Oct 1690, Dec 16 380 Oct 1696 138.00 134.50 138.25 135.00 137.50 138.25 138.00 137.00 138.55 138.00 100 tonnes  High/Low 104.76 103.90 107.00 105.25 109.80 109.20
Dec Mar May Aug Oct Turnove White 1: Paris- W Mar 168 GAS GE GAS GE Sep Oct Nov Dec Jen Turnove GRAINS Wheat Sep Nov	286.00 285.00 285.00 285.00 285.00 285.00 285.00 272 (1345) 172 (1345) 173 (135) 173 (	275.00 275.00 278.00 278.00 278.00 5545 (422a) 5 - per torme): 685, Aug 14 Previous 138.50 138.75 139.75 140.25 139.75 140.25 139.25 464) lots of 107.25 110.20	274.00 261.00 271.00 268.00 1ots of 50 tonn Oct 1690, Dec 16 160 Oct 1686  High/Low 136.00 134.50 136.25 135.00 137.50 136.25 138.07 138.25 138.07 138.00 139.00 137.00 139.50 138.25 138.75 138.00 100 tonnes  High/Low 104.76 103.90 107.00 106.25 109.80 109.20
Dec Mar May Aug Oct Turnove White 1- Paris- W Mar 168 GAS Off Sep Oct Nov Dec Jen Jurnove GRAINS Wheat	286.00 285.00 285.00 285.00 285.00 285.00 472 (1345 472 (1345 472 (1345 472 (1345) 473 (135) 474	275.00 275.00 276.00 278.00 27	274.00 261.00 271.00 268.00 271.00 268.00 10ts of 50 tonn Oct 1690, Dec 16 380 Oct 1696 138.00 134.50 138.25 135.00 137.50 138.25 138.00 137.00 138.55 138.00 100 tonnes  High/Low 104.76 103.90 107.00 105.25 109.80 109.20
Dec Mar May	286.00 285.00 285.00 285.00 285.00 285.00 285.00 285.00 272 (1345) 272 (1345) 273 (135) 274 (135) 275 (135	275.00 275.00 275.00 278.00 278.00 278.00 5545 (4423) 5 - per torme): 685, Aug 14 Previous 138.50 138.75 139.75 140.25 139.75 140.25 159.25 464) lots of 107.25 110.20 112.60 115.50 Previous 100.60	274.00 261.00 271.00 268.00 271.00 268.00 10ts of 50 tonn Oct 1690, Dec 16 380 Oct 1696 138.25 135.00 137.50 138.25 139.50 137.50 138.25 139.50 137.50 138.25 139.50 137.50 138.25 139.50 137.50 138.25 139.50 137.00 100 tonnes High/Low 104.76 103.90 107.00 106.25 109.80 109.20 112.35 111.60 115.00 114.50 High/Low 100.40 100.30
Dec Mar May Aug Oct Turnove White 1- Paris- W Mar 168 GAS OH GAS OH Turnove GRAINS Week Mar May Barley Barley Book Nov Isan May	286.00 285.00 285.00 285.00 285.00 285.00 272 (1345 472 (1345 472 (1345 472 (1345 473 (135) 474 (135) 475	275.00 275.00 275.00 278.00 27	274.00 261.00 271.00 268.00 271.00 268.00 10ts of 50 tonn Oct 1690, Dec 16 980 Oct 1696 138.00 134.50 138.25 135.00 137.50 138.25 138.00 137.00 138.55 138.00 100 tonnes  High/Low 104.76 103.90 107.00 105.25 109.80 109.20 112.35 111.60 114.50 High/Low 100.40 100.30 103.60 108.00
Dec Mar May Aug Oct Turnove White 1- Parte- W Mar 168 GAS OH GAS OH Turnove GRAINS Week Mar May Barley Beep Nov Jen May Mar Mar May Mar May Mar May Mar May Mar May Mar Mar May Mar Mar May Mar Mar May Mar Mar May Mar Mar May Mar May Mar May Mar May Mar Mar May Mar Mar May Mar May Mar Mar May Mar Mar May Mar May Mar May Mar May Mar May May Mar May Mar May Mar May Mar May	286.00 285.00 285.00 285.00 285.00 285.00 272 (1345 472 (1345 472 (1345 472 (1345 473 (135) 474 (135) 475	275.00 275.00 275.00 278.00 278.00 278.00 5545 (4423) 5 - per torme): 685, Aug 14 Previous 138.50 138.75 139.75 140.25 139.75 140.25 159.25 464) lots of 107.25 110.20 112.60 115.50 Previous 100.60	274.00 261.00 271.00 268.00 271.00 268.00 271.00 268.00 10ts of 50 tonin Oct 1690, Dec 16 380 Oct 1696 138.00 134.50 138.25 135.00 137.50 138.25 138.00 137.00 139.50 138.25 138.75 138.00 100 tonines  High/Low 104.76 103.90 107.00 106.25 109.80 109.20 112.35 111.60 114.50 114.50 114.50 116.00 114.50 108.60 108.00 108.60 108.00 108.75 108.15
Dec Mary Mary Mary Mary Mary Mary Oct Turnove White 1-Paris- W Mar 168 QAS Of Dec Jen Turnove QAS Of Mary Mary Mary Mary Mary Mary Mary Mary	286.00 285.00 285.00 285.00 285.00 285.00 285.00 285.00 272 (1345) 172 (1345) 173 (172 (172 (172 (172 (172 (172 (172 (172	275.00 275.00 275.00 278.00 278.00 278.00 3545 (4423) ) per torme): 685, Aug 14 138.50 138.75 138.75 140.25 139.25 4641 lots of 107.25 112.60 112.60 112.60 112.50 103.50 103.50 103.50	274.00 261.00 271.00 268.00 271.00 268.00 271.00 268.00 16ts of 50 tenn Oct 1690, Dec 16 380 Oct 1695 High/Low 136.00 134.50 136.25 135.00 137.50 136.25 139.00 137.00 139.50 138.25 138.75 138.00 100 tennes High/Low 104.76 103.90 107.00 105.25 109.80 109.20 112.35 111.60 High/Low 100.40 100.30 103.50 108.00 109.60 106.10
Dec Mar Mar Mar Mar Mar Mar Mar Mar Mar 168 QAS OH Mar 168 QAS OH Mar 168 QAS OH Mar	286.00 285.00 285.00 285.00 285.00 472 (1345) 472 (1345) 472 (1352) 473 (1352) 474 (1352) 475 (1352	275.00 275.00 275.00 278.00 278.00 278.00 3545 (4423) ) per torme): 685, Aug 14 138.50 138.75 138.50 139.75 140.25 139.25 107.25 110.20 112.60 115.50 107.25 100.80 103.80	274.00 261.00 271.00 268.00 271.00 268.00 271.00 268.00 10ts of 50 tonin Oct 1690, Dec 16 380 Oct 1696 138.00 134.50 138.25 135.00 137.50 138.25 138.00 137.00 139.50 138.25 138.75 138.00 100 tonines  High/Low 104.76 103.90 107.00 106.25 109.80 109.20 112.35 111.60 114.50 114.50 114.50 116.00 114.50 108.60 108.00 108.60 108.00 108.75 108.15
Dec Mar May	286.00 285.00 285.00 285.00 285.00 285.00 285.00 472 (1345) 472 (1345) 472 (1345) 472 (1345) 473 (135) 473	275.00 275.00 276.00 278.00 27	274.00 261.00 271.00 268.00 271.00 268.00 271.00 268.00 10ts of 50 tonin Oct 1690, Dec 16 990 Oct 1696 138.00 134.50 138.25 135.00 137.50 138.25 138.00 137.00 139.50 138.25 138.73 138.00 100 tonines  High/Low 104.76 103.90 107.00 106.25 109.80 109.20 112.35 111.60 115.00 114.50 High/Low 104.01 103.00 105.75 108.00 106.01 106.10 105.75 108.15 110.75
Dec Mar May	286.00 285.00 285.00 285.00 285.00 472 (1345) 472 (1345) 472 (1352) 473 (1352) 474 (1352) 475 (1352	275.00 275.00 278.00 278.00 278.00 278.00 278.00 278.00 278.00 278.00 138.50 138.50 138.55 138.25 138.25 140.25 138.25 105.60 107.25 110.20 112.60 112.60 112.60 112.60 108.60 10	274.00 261.00 271.00 268.00 271.00 268.00 271.00 268.00 10ts of 50 tonin Oct 1690, Dec 16 990 Oct 1696 138.00 134.50 138.25 135.00 137.50 138.25 138.00 137.00 139.50 138.25 138.73 138.00 100 tonines  High/Low 104.76 103.90 107.00 106.25 109.80 109.20 112.35 111.60 115.00 114.50 High/Low 104.01 103.00 105.75 108.00 106.01 106.10 105.75 108.15 110.75
Dec Mar May	286.00 285.00 285.00 285.00 285.00 285.00 285.00 472 (1345) 472 (1345) 472 (1345) 472 (1345) 473 (135) 473	275.00 275.00 276.00 278.00 27	274.00 261.00 271.00 268.00 271.00 268.00 271.00 268.00 10ts of 50 tonin Oct 1690, Dec 16 990 Oct 1696 138.00 134.50 138.25 135.00 137.50 138.25 138.00 137.00 139.50 138.25 138.73 138.00 100 tonines  High/Low 104.76 103.90 107.00 106.25 109.80 109.20 112.35 111.60 115.00 114.50 High/Low 104.01 103.00 105.75 108.00 106.01 106.10 105.75 108.15 110.75
Dec Mar Mar Mar May Aug Oct Turnove White 1: Paris W Mar 168 QAS Of Mar	286.00 285.00 285.00 285.00 372 (1345) 472 (1345) 472 (1345) 472 (1345) 472 (1345) 473 (135) 473	275.00 275.00 276.00 278.00 278.00 278.00 278.00 278.00 565 (4423) per torme): 685, Aug 14 Previous 138.50 138.50 138.50 138.50 138.50 140.25 140.25 110.20 112.60 107.25 110.20 112.60 108.50 108.60	274.00 261.00 271.00 268.00 271.00 268.00 10ts of 50 tonin Oct 1690, Dec 16 380 Oct 1695 138.25 135.00 137.50 138.25 139.00 137.00 139.50 138.25 139.50 139.00 100 tonines  High/Low 104.76 103.90 107.00 106.25 109.80 109.25 112.35 111.60 115.00 114.50 High/Low 103.50 103.00 106.675 103.00 106.75 103.00 106.75 103.00 106.75 103.00 106.75 103.00 106.75 103.00 106.75 103.00 106.75 103.00 106.75 108.15 110.75
Dec Mar May May Aug Oct Turnove White 1- Paris W Mar 168 GAS Of G	286.00 285.00 285.00 285.00 285.00 285.00 285.00 285.00 285.00 285.00 285.00 285.00 285.00 285.00 285.75 285.75 285.75 286.75 286.75 286.75 286.00 286.25 286.20 28	275.00 275.00 275.00 276.00 278.00 278.00 278.00 278.00 278.00 278.00 278.00 138.50 138.50 138.50 138.50 139.25 140.25 139.25 140.25 110.20 112.60 115.50 Previous 106.60 103.60	274.00 261.00 271.00 268.00 271.00 268.00 271.00 268.00 10ts of 50 tonin Oct 1690, Dec 16 980 Oct 1696 138.00 134.50 138.25 135.00 137.50 138.25 138.00 137.00 138.55 138.00 100 tonines  High/Low 104.75 103.90 107.00 106.25 109.80 109.20 112.35 111.60 112.35 111.60 115.00 114.50 High/Low 100.40 100.30 108.60 108.10 108.75 108.15 110.75 Barley 166 (201)

Dec Mar	938 940	936 942	944 930	Cas
May	953	956	959 948	3 m
Jul 🖳	970	971	972 966	Alps
Sep	987	989	990 980	Cas
Dec	1030	1030	1028 1019	3 m
			d 10 tonnes	Сор
price fr	nokatorj vrAun 1-	1183 26 /11	ts per tonne). Daily 193,32) :10 day aver-	
		212.77 (121		Cas 3 m
	E C/tonne			Cop
	Close	Previous	High/Low	Cas
Şep	908	1012	977 875	3 m
Nov	922	1020	984 880	Silve
Jan	250	1020	990 900	_
Mar	950	1030	993 905	Cas
May Jiy	954 970	1035 1040	1001 950 1000 965	3 m
				Les
ECCO H	er: aaso ( ndicator o	2088) lots o	ends per pound) for	Cas
Aug 1	:Comp.	ially 105.60	ents per pound) for (109-21); . 15 day	3 m
average	113.03 (	113.67).		Nick
SUGAF	1 (\$ per to	nne)		Cas
Raw	Close	Previous	High/Low	3 ਜ
Oct	277.00	284.80	278.00 243.00	Zinç
Dec	266.00	252.00		Cas
Mar	256.00	243.80	255.00 230.00 237.00 230.00	3 m
May Aug	252.00 249.00	239.40 234.00	232.00 231.40	
Oct	247.00	230.00	2,2.00 20.100	
White	Close	Previous	High/Low	
Oct	290.00	279.00	290.00 261.00	
Dec	285.00	277.00	271.00 267.00	501
Mar	286.00	275.00	274.00 261.00	
May Aug	286.00 285.00	275.00 276.00	271.00 268.00	Oct
Oct	285.00	276.00	£7 COUNT	Dec
Turnove			lots of 50 tonnes.	Feb
White 1	472 (1345	). ).	Oct 1690, Dec 1690,	<u>Apr</u>
Paris Y	Vhite (FFr	per tonne):	Oct 1690, Dec 1680,	Turr
		000, Aug 10	390 Oct 1695	FAX
	L S/tonne			
	Close	Previous	High/Low	Aug
Aug	135.25	136.60	135.00 134.50	Sep
Sep Oct	135.75 137.25	138.75 138.50	138.25 135.00 137.50 138.25	Oct
Nov	138.75	139.75	139.00 137.00	Apr
Dec	139.00	140.25	139.50 138.25	BFI
Jan	138.25	139.25	136.75 138.00	Turn
		464) lots of	100 tonnes	
	£/tonne			
Wheat	Close	Previous	High/Low	
Sep	103.90	105.60	104.75 103.90	
Nov Jan	106.25 109.20	107.25 110.20	107.00 106.25 109.80 109.20	
Mar	111.60	112.60	112.35 111.60	
May	114.50	115.50	115-00 114.50	Ccc
-	Close	Decedore	Wahii ow	1 34

	940	942	946 932
May	953 970	956 971	959 948 972 966
Sep	987	989	990 980
Dec	1030	1030	1029 1019
ICCO A	er: 3991 ( ndicator :	3974) lots o prices (SDF	if 10 tonnes is per tonnel. Dally
price fo	r Aug 1:	1183.26 (11	is per tonne). Daily 193,32) :10 day aver-
	E Chonne	212.77 (121	0.30/ .
<del></del>	Close	Previous	High/Low
Sep	908	1012	977 675
Nov	922	1020	984 896
Jan Mar	950 950	1020 1030	990 900 993 905
May	954 970	1035 1040	1001 950
Jly		2088) late c	1000 ,965
CCO I	ar: aggo (	rices (US o	pants per pound) for (109-21); . 15 day
Aug 1	:Comp. (c 113.03 (	tally 105.80	(109-21); . 15 day
	(\$ per to		
Rew	Close	Previous	High/Low
Oct	277.00	284.80	278.00 243.00
Dec	266.00	252.00	
Mar May	256.00 252.00	243.80 239.40	255.00 230.00 237.00 230.00 232.00 231.40
Aug	252.00 249.00	234.00	232.00 231.40
Oct	247.00	230.00	Inch d a
White	Close	Previous	High/Low
Oct Dec	290.00 285.00	279.00 277.00	290.00 261.00 271.00 267.00 274.00 261.00
Mar May	286.00 286.00	275.00 275.00	274.00 261.00
Aug	285.00	276.00	271.00 268.00
Oct	285.00	278.00	
Turnove White 1	IT. Plaw ( 472 /1945	5545 (4423) 1	lots of 50 tonnes.
Paris- V	/hite (FFr	per tonne):	Oct 1690, Dec 1680,
		685, Aug 1	890 Oct 1696
uno u			
	L S/tonne	D	Web/Len
	Close	Previous	High/Low 126.00, 194.50
Aug Seo	Close 135.25	136.60	
Aug Sep Oct	Close 135.25 135.75 137.25 138.75	138.60 138.75 138.50	136.00 134.50 136.25 135.00 137.50 136.25
Aug Sep Oct Nov Dec	Close 135.25 135.75 137.25 138.75	136.60 136.75 138.50 139.75	136.00 134.50 136.25 135.00 137.50 136.25 139.00 137.00 139.50 136.25
Aug Sep Oct Nov Dec Jen	Close 135.25 135.75 137.25 138.75 139.00 138.25	136.60 136.75 138.50 139.75 140.25 139.25	136.00 134.50 136.25 135.00 137.50 136.25 137.50 136.25 138.50 138.25 138.75 138.00
Aug Sep Oct Nov Dec Jen	Close 135.25 135.75 137.25 138.75 139.00 138.25 or 3258 (4	136.60 136.75 138.50 139.75 140.25 139.25	136.00 134.50 136.25 135.00 137.50 136.25 139.00 137.00 139.50 136.25
Aug Sep Oct Nov Dec Jen Turnove	Close 135.25 135.75 136.75 138.75 138.00 138.25 or 3258 (4	136.50 138.75 138.50 139.75 140.25 139.25 484) lots of	136.00 134.50 136.25 135.00 137.50 136.25 139.00 137.00 139.50 136.25 138.75 138.00
Aug Sep Oct Nov Dec Jan Turnove GRAINS Wheat	Close 135.25 135.75 137.25 138.75 138.00 138.25 or 3256 (4 £/tonne	138.50 138.75 138.50 139.75 140.25 139.25 464) lots of	138.00 134.50 138.25 135.00 137.50 138.25 139.00 137.00 138.50 138.25 138.75 138.00 High/Low
Aug Sep Oct Nov Dec Jen Turnove GRAINS Wheat Sep Nov	Close 135.25 135.75 137.25 138.75 138.00 138.25 or 3256 (4 £/tonne	136.50 138.75 138.50 139.75 140.25 139.25 464) lots of Previous 105.50 107.25	138.00 134.50 138.25 135.00 137.50 138.25 139.00 137.00 138.50 138.25 138.75 138.00 High/Low
Aug Sep Oct Nov Dec Jen Turnove GRAINS Wheat Sep Nov Jen Mar	Close 135.25 135.75 137.25 138.75 138.90 138.25 or 3258 (4 5.25onne Close 163.90 106.25 109.20	136.50 138.75 138.50 139.75 140.25 139.25 464) lots of Previous 105.60 107.25 110.20 112.60	138.00 134.50 137.50 138.25 137.50 138.25 139.50 137.00 139.50 138.25 138.75 138.00 100 tonnes High/Low 107.00 108.25 109.80 109.20 112.35 111.60
Aug Sep Oct Nov Dec Jan Turnove GRAINS Wheat Sep Nov Mar May	Close 135.25 135.75 137.25 138.75 138.00 138.25 or 3258 (4 2 Stonne Close 103.90 106.25 111.60 114.50	136.60 138.75 138.50 139.75 140.25 139.25 464) lots of Previous 105.60 107.25 110.20 112.60 115.50	138.00 134.50 137.50 138.25 137.50 138.25 138.00 137.00 139.50 138.25 138.75 138.00 100 tonnes High/Low 104.75 103.90 107.00 106.25 109.80 109.20 112.35 111.60 116.00 114.50
Aug Sep Oct Nov Dec Jan Turnove GRAINS Wheat Sep Nov Mar Mar May Garley	Close 135.25 135.75 137.25 138.75 138.00 138.25 or 3256 (4 5 2/100ne Close 103.90 114.50 Close	136.60 138.75 138.50 139.75 140.25 139.25 464) lots of Previous 105.60 107.25 110.20 115.50 Previous	136.00 134.50 137.50 136.25 137.50 136.25 139.00 137.00 139.50 136.25 138.73 138.00 100 tonnes High/Low 104.76 103.90 107.00 106.25 109.80 109.20 112.35 111.60 115.00 114.50
Aug Sep Oct Nov Dec Jen Turnove GRAINS Wheat Sep Nov Jen Mar May Sep Nov	Close 135.25 135.75 137.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 100.20 111.60 114.50 Close	138.60 138.75 138.75 139.75 140.25 139.25 139.25 105.60 107.25 110.20 115.50 Previous	138.00 134.50 137.50 138.25 139.00 137.00 139.50 138.25 139.50 132.25 138.75 138.00 100 tonnes 104.75 103.90 107.00 106.25 109.80 109.20 112.35 111.90 116.00 114.50 High/Low
Aug Sep Oct Nov Dec Jen Turnove GRAINS Wheat Sep Nov Jen Mar May Sep Nov	Close 135.25 135.75 137.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 138.25 100.20 111.60 114.50 Close	138.50 138.75 138.50 139.75 140.25 159.25 464) lots of 107.25 110.20 112.60 115.50 Previous 100.60 103.50 103.50	138.00 134.50 137.50 138.25 137.50 138.25 139.00 137.00 139.50 138.25 138.75 138.00 100 tonnes High/Low 104.75 103.90 107.00 106.25 109.80 109.20 112.35 111.90 116.00 114.50 High/Low
Aug Sep Oct Nov Dec Dec Dec GRANS Wheat Sep Nov Jan Mar May Sep Nov Jen Alay Sep May May May May May May May May May May	Close 135.25 135.75 137.25 138.75 139.00 138.25 ir 3258 (4 5.210mne Close 103.90 105.25 100.20 111.50 Close 100.40 103.50 108.60 108.75	138.50 138.575 138.50 138.75 140.25 140.25 140.25 105.26 107.25 110.20 112.60 115.50 Previous 108.50 108.50 108.50 108.50 108.50 108.50	138.00 134.50 138.25 135.00 137.50 138.25 139.00 137.00 139.50 138.25 138.75 138.00 100 tonnes  High/Low 104.75 103.90 107.00 106.25 109.80 109.20 112.35 111.60 115.00 114.50 High/Low 100.40 100.30 103.50 103.00 106.60 106.10 108.75 108.15
Aug Sep Oct Nov Dec Jen Turnove GRAINS Wheat Sep Nov Jen May Sep Nov Jen May May	Close 135.25 135.75 138.25 138.75 138.20 138.25 138.25 138.25 138.25 138.25 138.25 138.20 100.20 100.25 100.20 100.50 100.50 100.60 100.75 110.75	138.50 138.75 138.50 139.75 140.25 140.25 140.25 107.25 107.25 112.60 112.60 112.60 103.50 103.50 103.60 10	138.00 134.50 138.25 135.00 137.50 138.25 139.00 137.00 139.50 132.25 138.75 138.00 100 tonnes  High/Low 104.75 103.90 107.00 106.25 109.80 109.20 112.35 111.90 116.00 114.50 High/Low 100.40 100.30 103.50 103.90 108.75 103.90 108.75 103.90
Aug Sep Oct Nov Dec Jen Turnove GRAINS Wheet Sep Nov Jen Mer Mer Mer Mer Mer Mer Mer Mer Mer Mer	Close 135.25 135.25 135.25 137.25 138.25 138.25 138.25 138.25 138.25 103.25 103.25 104.25 105.25 106.25 107.25 107.25 107.25 107.25 107.25 107.25 107.25 107.25 107.25 107.25 107.25 107.25 107.25 107.25 107.25 107.25 107.25	138.50 138.75 138.50 139.75 140.25 140.25 140.25 159.26 107.25 110.20 112.60 115.50 Previous 100.60 103.50 106.50 106.50 106.60 108.50	138.00 134.50 138.25 135.00 137.50 138.25 139.00 137.00 139.50 138.25 138.75 138.00 100 tonnes  High/Low 104.75 103.90 107.00 106.25 109.80 109.20 112.35 111.60 115.00 114.50 High/Low 100.40 100.30 103.50 103.00 106.60 106.10 108.75 108.15
Aug Sep Oct Nov Dec Jen Turnove GRAINS Wheet Sep Nov Jen Mar Mar Mar Mar Mar Mar Mar Mar Mar Turnove	Close 135.25 135.75 138.25 138.75 138.20 138.25 138.25 138.25 138.25 138.25 138.25 138.20 100.20 100.25 100.20 100.50 100.50 100.60 100.75 110.75	138.50 138.75 138.50 139.75 140.25 139.25 165.60 107.25 110.20 112.60 115.50 Previous 108.60	138.00 134.50 138.25 135.05 137.50 138.25 139.00 137.00 139.50 132.25 138.75 138.00 100 tonnes  http://www.initiation.com/init
Aug Sep Oct Nov Dec Jen Turnove GRAINS Wheat Sep Nov Jen Mar May Sep Nov Jen Mar May Turnove Turnove POTATO	Close  135.25 136.75 137.25 138.75 138.00 138.25 IT 3256 (4 12.75 100.20 100.25 100.20 114.50 Close 100.40 100.50 100.60 100.75 100.75 IT loss of	138.50 138.75 138.50 139.75 140.25 140.25 140.25 159.26 107.25 110.20 112.60 115.50 Previous 100.60 103.50 106.50 106.50 106.60 108.50	138.00 134.50 138.25 135.00 137.50 138.25 139.00 137.00 139.50 138.25 138.75 138.00 100 tonnes  High/Low 104.75 103.90 107.00 106.25 109.80 109.20 112.35 111.60 115.00 114.50 High/Low 100.40 100.30 103.50 103.00 106.60 106.10 108.75 108.15
Aug Sep Oct Nov Dec Jen Turnove GRAINS Wheel Sep Nov Jen Mar May Turnove Harley Sep Nov Jen Turnove POTATO	Close 135.25 136.75 137.25 138.75 138.00 138.25 IT 3256 (4 12.75 100.25	138.50 138.75 138.50 139.75 149.25 139.25 165.50 107.25 110.20 112.60 112.60 115.50 Previous 108.60	136.00 134.50 138.25 135.00 137.50 138.25 139.00 137.00 139.50 138.25 138.75 138.00 100 tonnes  High/Low 104.76 103.90 107.00 106.25 109.80 109.20 112.35 111.80 116.00 114.50 High/Low 100.40 100.30 103.50 103.90 106.60 106.10 106.75 108.15 110.75 Barley 166 (201)
Aug Sep Oct Nov Dec Jan Turnove GRAINS Whest Sep Nov Jan Mar May Turnove Turnove POTATO	Close 185.25 185.75 187.25 138.75 139.00 138.25 ir 3256 (4 i 27ionne Close 103.90 104.50 111.50 Close 100.40 103.50 108.75 ir: Wheat ir lots of less 2/tone	138.50 138.50 138.575 138.575 140.25 140.25 140.25 105.26 107.25 110.20 112.60 101.50 108.50 108.50 108.50 108.60 108.60 108.50 108.60	138.00 134.50 138.25 135.00 137.50 138.25 139.00 137.00 139.50 138.25 138.75 138.00 100 tonnes  High/Low 104.76 103.90 107.00 106.25 109.80 109.20 112.35 111.90 116.00 114.50 High/Low 100.40 100.30 108.60 106.10 106.75 108.15 110.75 Barley 166 (201)

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LONDON	META	. EXCH	ANQE	0	Prices supplied	by Amalgamat	ed Metal Tradin
	Close		Previous	HighA∟o₩	AM Official	Kerb close	Open Interes
Alumintur	n, 99.7%	purity (	\$ per tonne	)		Ring to	urnover 475 tons
Cash 3 months	2615-3 2540-8		2840-50 2545-75	2600	2600-10 2535-45	2525-45	7,247 lots
Ahantaka	.99.5%	purity (	e per tonne)			Ring turn	over 13,850 tonn
Cash 3 months	1470-3 1401-3		1470-5 1405-8	1460 1406/1393	1460-5 1897-400	1402-3	48,890 lots
Copper, G	rede A	(£ per to	rane)			Ring turn	over 42,200 tonn
Cash 3 months	1219-2 1225-6		1214-6 1219-20	1225/1218 1227/1218	1218-8.5 1222-3	1229-30	64,517 lots
Copper, S	tenderd	(£ per t	onne)			Ring	turnover 0 tonn
Cash 3 months	1180-5 1180-5		1170-80 1170-80		1180-5 1180-6		38 lots
Stiver (US	cents/ī	ine ounc	e)			Ring to	mover 10,000 cz
Cash 3 months	679-82 693-6	2	679-82 683-6	682	681-2 694-6	695-700	522 lots
Lead (£ pe	er tonne	)				Ring tun	nover 6,650 tonn
Cash 3 months	346-8 350-1		338-40 343-4	344/342 362/341	344-5 345-8	352-2.5	12,173 lots
Nickel (\$ p	er tonn	8)				Ring tur	nover 1,062 tonn
Cash 3 months	14200- 13800-		13950-4050 13500-60	14300 13700/1335	13800-50 0 13330-50	13550-600	6,480 tota
Zinc (£ per	r tonne)					Ring turn	over 10,425 tonn
Cash 3 months	719-21 709-10		715-6 705-6	710.5/710 713/701	710-0.5 700-1	710-2	22,745 lots
SOYABEA	N MEAL	. E/tonne			LONDON BUIL	LICH MARKET	r
	Close	Previou	s High/Lo	ny	Gold (fine oz) \$	price	2 equivalent
	70.30 75.50	168.00 173.50	171.90 1 177.40 1			33-433½ 35-436h	253-253 ½ 2521253

ABEAN MEA	L E/tonne		LONDON BU	RLION MAR	HET
Close	Previous	High/Low	Gold (fine az	\$ price	£ equivalent
170.30 175.50 180.00 180.00 2ver 732 (16	168.00 173.50 175.50 176.50 5) lota of 2	171.90 166.00 177.40 175.00 179.00	Close Opening Morning fix Afternoon fix Day's high Day's low	433-433 <sup>1</sup> / <sub>2</sub> 435-436 <sup>1</sup> / <sub>2</sub> 432.9 432.76 435-435 <sup>1</sup> / <sub>2</sub> 432 <sup>1</sup> / <sub>2</sub> -433	253-253 <sup>1</sup> 2 252 <sup>1</sup> 2-253 251.92 252-553
OHT FUTURE	ES 310/Inde	x point	Coles	S price	melavlupe 2
Close 1242 1308 1397 1435 1457 1192 over 188 (200	Previous 1245 1325 1413 1445 1473 1196	High/Low 1243 1240 1318 1303 1409 1303 1409 1302 1435 1427 1470 1465	Mapleless Britannia US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat	446-451 446-451 448-451 444-449 432-5 102-103-1 541-547-3	280 <sup>1</sup> 2-283 <sup>1</sup> 2 280 <sup>1</sup> 2-283 <sup>1</sup> 2 280 <sup>1</sup> 2-283 <sup>1</sup> 2 280 <sup>1</sup> 2-282 <sup>1</sup> 4 282 <sup>1</sup> 2-284 <sup>1</sup> 2 581 <sub>2</sub> -80 <sup>1</sup> 4 381 <sub>2</sub> -80 <sup>1</sup> 5 314,7-318.4
	-7		Silver fix	p/fine oz	US ats equit
			Spot 3 months 6 months 12 months	897.00 407.90 418.90 440.50	682.25 698.70 711.85 742.45
k ended July	29 amoun	ent sales for the ted to 916 tonnes			AE TRADED OPTI
inst 856 tonn	esin Ühe þi	revious week.	Aluminium (96	1.7%1	Calls Put

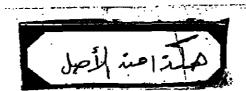
COTTON Liverpool- Spot and shipment sales for the	LONDON MET
week ended July 29 amounted to 916 tonnes against 856 tonnes to the previous week.	Aluminium (90
Trading was of a fairty high quantity with various countries involved in sales	Strike price \$
Including Israell, West African and Mexican.	2400 2550 2700
	Altuminium (8
JUTE C and I Dundee BTC \$495, BWC \$485, BTD \$430, BWD \$425; c and I Antwerp BTC \$485,	2450 2600 2750
BWC \$455, BWD \$405, BTD \$415.	Copper (Grade
	2000 2109 2200

LONDON BULLION MARKET											
Gold (fine oz	\$ price		£ equi	valent							
Close Opening Morning fix Afternoon fix Day's high Day's low	433-433 <sup>1</sup> 435-436 <sup>1</sup> 432.9 432.76 435-435 <sup>1</sup> 432 <sup>1</sup> 2-43	<u> </u>	253-25 2521 <sub>2-1</sub> 251.82 252.55	253							
Coins	\$ price		lupe 2	valent							
Mapleless Britannia US Eagle Anget Krugerrand New Sov. Old Sov. Noble Plat	446-451 446-451 446-451 444-449 432-5 102-103 102-103 541-547		250 <sup>1</sup> 2-2 250 <sup>1</sup> 2-2 250 <sup>1</sup> 2-2 250 <sup>1</sup> 4-2 252 <sup>1</sup> 2-3 50 <sup>1</sup> 2-8 314,7-8	15312 25312 25412 25412							
Silver fix	p/fine o	•	US cts	ednja							
Spot 3 months 6 months 12 months	897.00 407.90 418.90 440.50		682.25 696.70 711.85 742.45								
LONDON MET	AL EXCH	ANGE T		OPTIONS							
Aluminium (90		Calt		Puts							
Strike price \$	tonne	Sept N	ov Se	pt Nov							
2400 2550 2700		225 161 106	11 19 26	3							

CANDON CHEST THE					
LORDON METAL ESC Muminium (98,7%)		alia		uts	
Strike price \$ tonne		Nov			
	<u>-</u>		<u>-</u> _	PEGN	
400	235		118		
550	161		196		
700	105		262	_	
<b>Suminium (89.5%)</b>	C	nik	Puts		
150	148		98		
800	81		175		
750	40		283		
Opper (Grade A)	C	Calls		ų is.	
000	140	166	37	90	
100	82	117	78	139	
200	43	79	136	199	

Ne	w Y	ork		
GOLD	100 troy	oz.; \$/troy (	9Z.	
	Close	Previous	High/Lo	<del></del>
Aug	431.5	434.4	434.0	431.2
Sep Oct	434.1 438.9	437.1 440.0	0 439.4	0 436.5
Dec	442.5	445.6	445.0	442.0
Feb	448.2	451.3	450.4	448.9
Apr Jun	453.9 459.7	457.1 463.0	0 482.5	0 462.5
Aug	465.7	469,1	0	0
Det	471.7	475.2	478.5	473.5
PLAT	ROUM 50	roy oz; \$/tr	ay oz.	
	Close	Previous		W
Oct	524.8	533.1	529.5	522.0
Jan Apr	531,3 538,4	539.9 ·	534.0 0	. 123812
اندار	545.9	554.5	545.0	545.0
Oct	553.4	562.0	9	0
BIL YE	R 5,000 to	ray oz; cent	s/troy cz.	<del></del>
	Close	Previous	High/Lo	₩.
Aug	679.2	686.7	0	0
Bep Oct	684.0 689.3	691.5	683.0	682.8 0
Dec	699.5	707.2	708.0	0.898
Jan	704.7	712.4 722.9	Q 725.5	0 714.0
Mar May	715.0 725.5	783.4	0	0
Jul	736.8	744,7	745.0 752.0	741.0 752.0
Sep Dec	748.6 765.1	765.9 773.0	770.0	782.0 770.0
				٠ .
COPP		ibs; cents/		
	Close	Previous	High/Lo	
Aug Sep	89.35 89.70	90.20 90.45	90.40 91.80	89.10 89.40
Oct	88.70	89.55	0 . 89.75	. 0 88.35
Dec Jan	86.50 85.75	87.75 86.85	6 2	90.30
	84.30	85.05	86.30	85.00
		84.30	84.50 83.90	84.50 83.50
Mar May Jud	83.70 83.20	83.70		
	83.20 82.70 82.20	83.70 83.10 82.45	g 83.30	0 83.30

		<del></del>							
CRU	DE CIL (L	ght) 42,000	US gails !	//bелеј	CI	hicaç	1Ö 😽	-· ·	
	Latest	Previou	e High/Lo	nw .				·.	
Sep	15.90	16.08	16.05	15.82	- <b>3</b> 0Y	ABEANS 5	,000 bu min;	Cents/6085	buehel
Oct	18.04	18.20	16.20	15.95		Close	Previous	High/Los	W
Nov Dec	18.14 16.22	16.30 16.40	16.31	16.06	Aug	829/0	839/0	855/0	826/0
Jan	16.22	16.46	18.42 16.45	16.18 16.25	Sep	841/4	823/4	863/0	841/0
Feb	16.40	16.51	- 16.47	16.35	Nov Jen	848/4 850/4	832/4 837/0	867/0 867/0	847/0 850/0
Mar Apr	16.43 16.46	16.55 . 16.58	16.45 16.45	16.35 16.48	Mar	850/4	839/4	- 86640	849/0
May	16.46	16.61	16.49	16.46	May	847/0	840/0	864/0	846/0
TEAT	RIG CE 4	2 000 JB 6	palis, cents	// IS celle	_ Aug	845/0 818/0	837/0 813/0	860/0 840/0	343/0 818/0
	Latest	Previous					L 60,000 lbs;		0.00
Sep	4496	4512	4580	4465		Close	Previous	High/Lov	<del></del>
Oct	4550	4571	4505	4526	Aug	27.27	27.52	28.00	27.05
Mar	4725 4520	4751 4544	4765 4540	4725 4510	Sep	27,50	27.66	28.30	27.30
Apr	4450	4452	4450	4440	Oct Dec	27.75 28.15	27.85 28.20	28.55 28.80	27.50
Jun	4330	4327	4330	4330	Jan	28.25	28.35	20.00 28.95	27.95 28.20
000	DA 10 tone	res;3/tonn	B\$		Mar	28.30	28.45	28.95	,28.30
	Close	Previous	High/Lo	N/	- May Jul	28.45 27.80	28.40 28.20	29.00 28.50	25.30 27.60
Sep	1472	1467	1488	1465			EAL 100 tons		2120
Dec Mar	1482 1494	1475 1489	1494 1504	1476 1467	_	Close	Previous	High/Lov	
May	1520	1510	1520	1520	Aug	259.2	261.2		
Jul Sep	1545 1575	1548 1570	1548	1532	Sep	255.7	250.7	264.0 261.5	257.0 254.0
Dec	1605	1801	0 1809	0 1596	Oct	254.5	248.7	258,5	252.0
~		7,500lbs; c		10.00	_ Dec Jan	253.7 251.5	247.7	257.6	251.0
-					- Mar	240.2	246.5 244.5	256.6 255.0	251.0 248.0
	Close	Previous	High/Lo	<del>v</del> .	May	248.0	243.2	252.0	247.0
Sep Dec	108.83	116.67	113.75	. 106.00	Jul	247.0	243.0	250.0	248.0
Mar	111,18 112,44	119.06 118.44	0 115.25	0 112.44	MAYZ	E 6000 Au	min; cents/		
May	112.13	118,18	115.50	112.13					
آليال حدد	114,50	120.50	117,00	114.50		Close	Previous	High/Lov	· ·
Sep Dec	114,00 114,01	120.00 120.00	117.50 0	114.00 0	Sep	301/0	290/0	305/0	296/0
					Dec Max	307/2 312/0	296/5 304/6	313/0	303/0
			000 lbs; ce		. May	311/0	308/2	316/0 317/4	307/4
	Close	Previous	High/Lo	<b>*</b>	Jul	308/2	305/2	316/0	307/0
Oct	12.26	11.63	12.30	10.15	· Sep Dec	208/0 270/5	295/4 281/4	. 295/0 281/0 ·	286/0 270/4
Mar	11,32 11,20	10.60 10.71	10.50 11.21	19.50 10.05					
May	10.90	10.40	10.90	9.20	wrat.		u min; cems/		
Jul Oct	10.60 10.60	10.23 10.00	10.73	9.73 9.50		Close	Previous	High/Low	<b>?</b>
		; cents/lbs		9.50	Sep Dec	375/4 387/6	381/0 382/2	381/0	371/0
					Mer	390/2	395/4	393/0 394/4	363/4 386/4
	Citose	Previous			May Jul	372/0	377/0	377/0	370/0
Oct Dec	54.84 53.80	56.15 54.94	55.10 55.00	54.70	Jui	362/0	353/4	353/4	348/0
Mar	54,21	55.50	55.45	53.41 54.05	LIVE	CATTLE 4	0,000 lbs; cer	de //he	
May Jul	54,68 55,45	55.90 56.80	55.80	54.60		Close	Previous	High/Low	
Oct	56.10	57.45	56.25 56.10	55.35 56.75	Aug	65.06			
Dec	58.10	57.25	57.10	55.80	Oct	66.97	68,17 68,30	65.85 67.90	64,90 68,90
ORAN	GE JÜICE	15,000 to	; cents/fbs		Dec	89.65	70.65	70.50	89.56
	Close	Previous	HelyLos		Feb Apr	70.67 72.57	71.30 72.85	.71,40 73,10	70.50 72,40
Sep	187,55	187.60	189.20	187.60	Jun	72.46	72.70	73,00	72.87
Nov	180.35	180.40	181,25	180.20	Aug Sep	70.10 71.00	70.50	71.00	20.10
Jan Mar	174.05 17 <u>2.</u> 75	173.60 172.30	174.50	173.75	den	7 1.00	71.00	0	0
May	171,75	171.30	173.00 172.15	172.30 172.15	LIVE	1008 30.0	00 lb; cente/	h-	
Jul Sep	170.50 170.50	170.00	0	0		Close	Previous	High/Low	
Nov	170.80	170.00 170.00	0	0 0	Aug	45.32	45.90		44.50
			-	•	Oct	39.50	45.30 39.87	45.65 40.15	44.50 30.30
					Dec	41.56	42.12	42.20	41.82
					Feb.	44.8Z 44.30	45,12 44,60	.45.40 45.00	_44.70 44.15
BEDIC	_				اوال	50.45	- 50.10	50.70	49.95
		r Sárain.	or 18 1981		Aug	49.45	49.25	49.60	0 '
					PORK		38,000 lbs; c	nts/fb	
	Aug 1	July 29	moth ago			Close .	Previous	High/Low	
	1883.6	1882.0	2010.0	1822.0	Aug	32.15	32.62	34.20	81.57
		490: Dec. 2	1974 -	100)	Feb Mer	52.56	53,80	54.65	<b>52.3</b> 0 -
Spot	132,32	131.00	135,93	132.00	May	52,15 53.70	53.60 - 54.90	54.25 55.60	83.70 83.16
	o 134.53	134,61	139,57	181.38	أندك	53.20	64,57	64.90	53.20
					Aug	50,00	51.00	51.05	<b>60.00</b>
	•	•							

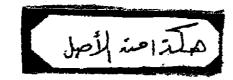


Went 3 log

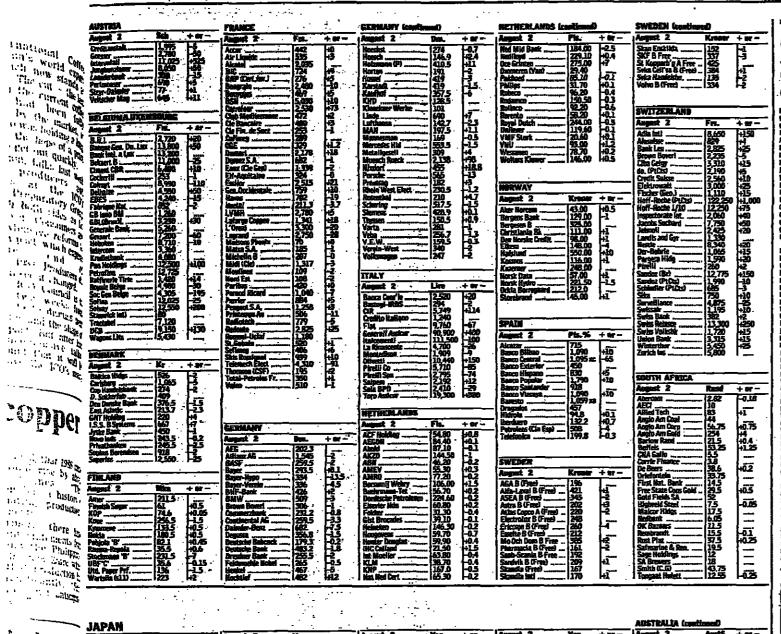
SOUTH DEFORTED

\$5. N. CRI. For

10.000



#### **WORLD STOCK MARKETS**



	OVI VIX			Auest 2	Yes	+ 87 ~	August 2	Yes	+#-	Annual 2	Yes	+ # -	August 2	AustS	+ 87
		Yes	+ 95 -						13			т=-	Kidston Gold	. 3.90	
ľ	Alhemoto	2,970	20	, Mason	2,190	1490	Kippon Lt Metal Kippon Meat Pack Kippon Mining	1,950	-20	Tello	791 839	Lī <sup></sup>	Lead Long	114.00	J —
	All Hippon Air	1,780 1,980 1,240	H10 .	Kalima	1490	120	Ricord Mining	576		Tota Nestryo Kyro	1,790	+200 +200 +200	Dill	2 17	-0.05 +0.05 -0.05
	Ales Electric	1,980	130	Kates Plans	1,790	H90		7 100	+30	Tobiships	/1 0AG	1-10	Mayer Nickless	6.56	1+0.02
	AP201	1,240	H16	Kasebo	FQT	H4	Minera Road	1100	1	Toke	28.200	1200	Mark Asst. Bank	1638	1-0.02
	Anano	1,620 815	-10 -20	Kanegafischi Chor Kansal Elect Power	933 3,170	113	Nippon Road Nippon Sanse Nippon Salse Nippon Selico Nippon Shippon Shi	740 840 864 1,200	- ق	Tokai Bask	28,200 2,300	1=	Hes	10.85	
7	Andro Construct	<u>حلة</u> ا	12.	Kansal Elect Power	3,170	-80 +13	Wineon Sello	laib	+10	Tokal Carbos	647 2,090	[	Moranda Pacific	0.85	-001
	Arritsu	2,540		Carryli Palet	683	[#13	Misson Sh Glass	lă/ã	+8	Tukio Marke	2.090	1=	North Bion Pall	3.20	-0.01
4	Acid Corp	970 5,750	150 120 120 140	Kap Corp	1,840 1,800 737	40 +7	Historia Shistoria	1200	-10	Tolon B'estillo	125D	- - - - - - - - - - - - - - - - - - -	Catchridge	0.29	
î	Arabba Öli	添		Kashijana	17000	150	Missione Steel	<del>1</del> 777	+13	Tekyo Electric Per Tekyo Electron	5990 3110	<u> -</u> ≱0	Pacific Dunlop	. 4.48	+0.01 -0.03
	Asabi Chemicals Asabi Stass	200	Can :	Kanasah Heavy	732	1110	Nippon Selsen	1737	l	Tokyo Electron	3,110	<del>  40</del>	Paucont'l	2.02	J-0.03
•	Akargi Nylon	136 136	- C12	Kawasaki Steel	685 1110	-10 -50 -10 -16 -50	Hippon Yesses	745	-2 <sup></sup>		1,240	H-17D	Platter Cong	. 326	-0.02
ξ.				Kield Elect	缕	13%	Nichinata Cos	745 <sub></sub>	+10	Tokyo Repe	2740 3,910	描	Placer Pacific	251	+0.11
	Bank Telgro	3,590	70		200	C1X .	Hissan Moler	11.200	\$99598 95998	Tokyo Steel	3,910	<del>         </del>	Poseidon	230	1.55
•	Barne Pharm	<u> </u>	響、	Kirls Bressy	緩	<u> </u>	Wissel Sangro	2,070	<del>[-10</del>	Tokyo Style	17770	맫	Queenstand Coal	ينيا.	+0.03
	Bridgestone	سجيدا	Light.	Kote Steel	554 3,650 3,090	Cia	Misshia Floor	1,440	1-10	Yokyu Car	17776		Smith (FL)	4.40 3.60	-0.05
_		707	174	Volume	3000		Mashin Oil	370	一段	Tokyo Corp	彌	1.575		124	-ō.āz
-	Catals Food	1470	33	Kologo	海~	+3	Mischigho Iraks	1,270	に数	Tokyo Land	내생	200	Thes Matwide	19.00	T-4.02
•	CREOR	1.470 1.460 3.200		Keske	1,780		Nissin Food	3,750 630	البيار	Torre	17100 802 1880	-10 -50 -100 -100	Yames	280	<u> </u>
-	Capon Sales	1	+20	Karakura Stadino	3,768	+90	Mitto Boseid	1000	+50 +10	Toray	1160	C12	Western Ministry	6,40	-0.02
-	Casio Computer	سيبا	120	Kulieta	711	-	Mortale	4,040 1,210	. 150. ·	Todaka Mackbery	55		Medica willish """	660	HÔ.06
	Central Glass		1.	Kurningsi-Comi	. متعتا	25	Margie	12,430	ITLU .	Total marmany	2120	-50 -1	Westpac	130	
:	Chiyoda Chem	853 3.230	诺	Kurrer	1300	17.	Odnicys Elec Rly	1.060	1 <del>4</del> 0 -	Toyo Construct	1200 1200	٠ <b>س</b> تا	Woolantik	13.31	10.00
_		. يوين	47°	Kararar Karelo Chemical	11110	=	(Network LEMP)	972	-	Taylo Dit	700 846 600	Γ*	Wormald Rel	1190	1
•	Chegal Pharm Citizen Watch	1 630 840	45		11950	سندا	Oli Paper	31.370 ·	130	1 Tares Ordinar	ian .	تخا	4 M Market and 111111-1111		
:				Kyola Ceramic		<del>-80</del>	Old Electric	1,670		J TomSelkan	12.RED	Hio	HONG KONG		
-	Dalcei Chemical	1075	17	Kroug Halde	1.530	-80 -20	Olema Mach	1 180	-20	Terro Soda	776	Hii			
	Dalde Steel	720	150	Uer	1 110	i-10	Occurs-Carni	) 1 M10	HII	Torotz Motor	719 2,960	る。	August 2	H.K.\$	+ er –
	Date:	2,300	H30					11140	-50 -50	.4			Bank East Asia	17,70	1.02
	Dai ichi Ken Bank	3170	133	Marcia Combrett,	1,300	411 420	Olyespos Onoda Cemest	igir.	-8	] UBE   milk	錽	牌	Cathy Pacific	9,00	-0.2 +0.1
-	Daikie Inds Daikye Karks	1 000 2 950		Makina Militay	195	₩Ï	One Pharm	5,700 1,350	I —	Voitika	522	1-6	Cheana Kona	7.75 17.50	1
	Cal Afferm John	5300	H	Maldia Elect Wk	1710 610	<del>  40</del>	Orient Flatace	1.350	H20				Cheing Kong	17.50	1=
	Dai Hippon let	799 2.550	P	Manted	1910	·	) Orient Lancing	3,650	4. 58. 18.	Victor	2,340	<b>-30</b>	Evergo	. 0.53	40.61
	Delivery Draw	2100		Maretal Foot	1250	1.55	0sslz 6=	1621	<b>1–4</b>	l	1		Have Lung	. 15.30	I
	Delays House	2116	+176	NE	3,080	אַיַּין		less .	t sa	Wacoai	1,140	l	Li Li one Same Road	30,50	l
	Dates Sec	2330 2330	مت	Matsu Elect. Wiss	2,990 2,040	19844 19844 19844 1984	Pesta Quan Con	340 3.720	18	J	1.510	Lea	Henderson Land Honokong Cales HK Electric	5.35	J ·
	Decor's	3290	395	Marie Moles	200	C74	Page	13,122		Yameichi Sec	2000	E36	Hongkong Cales	16.90	1.55.
7	Dayer Minks	640	I-35	Mell Milk	1.000	13. I	<b>C</b> -100-100	930	+5 -20 ·	Vamannichi	2,000 4,060	E#	HK Electric	强	+0.05
•	Elera	436	145	Marij Selta	915	1.5	Ricel	1.320 2.600	<del>-</del> 20 -	Yamataka II yagi	1 840	130	HK LINE		-0.05
	First	. 246	-		145		Royal Co	12,600	H20	Yamato Tracs	1.840 1.460 1.510	-000 -000 -000 -000 -000 -000 -000 -00	HK Laud HK Shangkai Bank HK Shangkai Hotels	6.20 5.05	101
:	Ebad	2.869 1.220	+10	Misoka Carrera	1780 ·	is i	_ `.	12 100	1.00	Yamazaki Baking	1510	+30	HK Telecopurs	6.70	-0.05
		6,790	i-im	Miles Homes	2.000-	14128	Sartisp		120 10	Yasuda Fire	1,090		Hatchison Wga	9.50	+0.05
	Fell Rank		1.26° . I	M Nobi Bank	2,980 1,080	132 ·	22430	1,300	Pur	Vagdana Elect	775 820	-5 +4 +10 +10	ladust Equity P	11280	
:		1230.,	[ <u>136</u> ]	M bish Ches:	1,000	(+10	Chara Back	4 770 2 680	ا ــــــــــــــــــــــــــــــــــــ	Yokohama Rubber	820	14	Jardice Maria	11376	<del></del>
	Fell Film	780	1-60	M Talah Chem	1,150	<del>  10</del>	Sage Dat	700	30	Youthout Pharm	1,200	H10	Keer World Der	1120	ł
	Fell Notes lad	3.910 ·	14 I	18 pipe	975	20	Stales	lieso	امقتا	Yuana Baitiny ,	874	1+10	SHK Proof	111.20	-0.1
	Fulkura Cable	1200		M'bbb Estate	2,520	1670	Section	6,400	+10	l		<u> </u>	i Sheli Elec.Mfg	. 12.35	1_0 01
	Fillmen	1 870	1420	M. High CR. Comm	730	414	Salar Chreek	17 <b>es</b> i	1250	AUSTRALIA			Sedre Pac A	19.00	# <u>1</u>
	Fullsen	1,620	1430	11	970	.12 .12	Selva Stores	11290	+30	August 2	542	+ = = -	I TV-B	13.40	+0.1
	Fundama Elect	815 .	14 150 150 150 150 150 150 150 150 150 150	Mary Mery	636	112	Sekisal House	<b>浸</b>	+70 +44		<del></del>	<del></del>	Wharf Hidgs	18.30	-0.05
	Green Cross	1,910	Lin	M bishi Men Cret	1345 ·	100	Settou Paperboard	975	144	A.F.P.	1.08	l <u></u>	Winsor Ind	9.55 3.80	-0.05 -0.1 -0.08
	Gig-Ei Chen	600	H30	M SOU VII	122		Seven-Eleven	7,300		- MOTHER 3428-15	6.90	# <u>U</u>	World last History	.1386	J-Q,08
	Gen	830 1 200	-30 20	M'hishi Paper M'hishi Petchem M'hishi Piatiks	789 865 1,470 770	10	Sharp	975 7,300 1,230	F-30 .	Arctr	495 021				
:		1170 -	Lun .	APhical Plactics	1776	120	Strieday Construct String Eisen Cheen	21.11/21	H45	Arladae Aust	鸴	Fig.	SDIGNPORE		_
	Hattari Selles	2.020	1989	Minishi Rayon	640	+5 +10	Zini-Era (1990 -***	1.92	-30 -45 -40 -40 -40	Asixon	2.06	₩.035	August 2	22	+ 67 -
-	Hetya Real Est	2,020 1,740 940 5,100	<b>⊢3</b> 0	Mark Tst	13 14h	<del>  3</del> 0 ⋅	Shiceogl	1,780	136	Anst Stat Inds	2.06 4.60 x	-0.02	Boustead Hisigs	1154	T
	Higo Motors	940	HII.	Wishin Wareless	1,560	H10 -	Signaturialist	1,780 828		Reli Croup	245	[	Cerebos Pacific	165	+0.35
	Klouse Electric	5,100	<del>  2</del> 18	N K9  (234K	1,560 2,290 900	1		lään	140	Reli Recources	張.	H0.05	Cold Storage	14.98	100
	Hitachi	2,010	1	Mileral Co	1400	+18 -15	Seon Brand Milk	1220	1 -	Bond Corp Hidgs	213	-0.04 -0.08	DBS	19.00	-0.02 -0.05 -0.15
	Hitachi Cable	1.000	110	Miles Mining	1660	حندا	i Com/	1290	-100	ا المحال	15.02	1-0.0B	Fraser & Neare	9.00	10.15
	Hitachi Credit	2.010 1.000 1.540 2.410 1.180	<b>芦</b> 兕	Mitsal Petchess	1.390	احدا	Stanley Electric	6.950 1120	20	B'ville Copper	1.22	F0.00	Genting	. 565	-0.05
	Hazai Mareli	2,410	-50 -50	Militari Sirai Estata	2330 2550	430 410	Spiraltergo B' lite	876	H <del>22</del>	Firembles India	10,60	1	Have Par Bros	4.00	1-0.08
	Xitachi Metals		C20	Mitsul Toutsu	919	四世 .	Santone Back	13,670	-30 -20	Bridge (HI	101 8.50 0.84 3.60 9.66		Hong Leong Fin Inchrage Blue Keppel Corp	. 298	HO.JA
	Hosta	2360 885	-2°	Market		T 20 : □	Sumitoreo Bank	i&23	H2	BKP	8.50 2.50	10.05	Incheage Blad	. 16.55	-0.1 +0.04
	Harry Fred had		- iso	Whami Elett	1860 1150	'I	Similario Chem	1,030	+50	BHP Gold	D.54	+0.01 +0.05	Keppel Corp	3.12	+0.04
	House Food Ind	2.550 2.550			1756	"ةجيا	I Samittomo Corp	遥	-10 -20	SWIE LIND	700	LOTE:	1 M263744 CHICKING	.  530	-0.05
	HORE		-	Mizzao Sporting Mochida Plants	1,420 4,790 601	+70	Segritorno Elect	1,500	-20 +24	CRA	7.50	0.04	1 M2131/2011 1375 1001	1.67	-0.01 +0.04
	Regard Tspal,	1,000	-20	Marinage Wilk	3.~	Till I	Sensitomo Heavy	643	1124	<u>CSR</u>	4.72	-0.03 +0.05	Maki Purpose	0.75	H0.04
	led Bank Japan	1490 m 2490 m 713	+230	Marrie Mis	2.980	J-20	Sumkness Marine	1,190	416 .	Claremont Petro	1.00		0CBC	. 885	10.4 +0.02 -0.01 +0.02
•	Iselan	143 <sup>W</sup>	-250			<u>-10</u>	Santkomo Mei le	578	(特)	Coles Myer		-0.06	DUB	138	744,02
	kaliara sango		Le	NEC	2.290 1.000 1.300	[200	Sunitomo Mei. le Sunitomo Mei. Mag Somitomo Mei.Ny	1,400	<del>16</del> 0 .	Contaico 'A'	0.30 9.90 4.65		Since Darry	1336	10.02
	Motors	-	Li"	MCV Count Dive		다	Semillotto Stally	]]  3.120	Lan	Consolidated Pet	iii	-0.02	Section Air	12.30	
	March	***	+3	NEX Sport Plug	44	-10 -10	Stand Motor	1741	-30°.	Costain Aast	13.BO		Singapore Press	7.80	0.25
	Itoham Foods	والألا	1-20	NTH Total Res	725	Liás	سيند التجد الكبيد	·		Elders IXI	335	10.04	Straits Tracker	384 326	1000
,	No Yokado	<b>(400</b>	-36	Nille Const.	206 ·	<b>⊢ĩ</b>	TDK	5,320	<b> -86</b>	Frenty Bes	2.70		Tat Lee Blak	326	+0.0B
	heats: Electric	100	j	ililaata Eas	1523	-36 -7	Taise Carp	928	H2_	Gen Prop Trust,	2.75	يسو ا	U08	. 15,40	0.25 -0.02 -0.08 -0.05
	JAL	14,200	1400	L MAIL CO.	1990 1450 2180	28	Taise Corp		-10 ·	Goodman Fiction	270 275 257 337	10.02	1		
	1601	1150	_	Milcon Corp.	1,450	<del>  20</del>	Talsto Pharm	11,950	1.500	1 (fartile U)	تبدر		HATER Police of the		
	Japan Radio	1 586	<u>  36</u> .	Hippon Diving	وللبي	110 I	Taiyo Flatery	157g.	16	Hardle U)	16	-005 -005	NOTES - Prices on the the ladinidual exchang		S QUESTION OF
•	Japan Steel Wits	401	H	Hippon Express	11170	1	Taiyo Fishery Teiyo Koke Bank Taitara Shazo	1 450 860	41	industrial Equity	137	10.05 10.05			المراجعة ا
		1,160 1,160	100	91000K GMOT	2270	170		[275a		) lenet(Darkii	100		the individual extrang prices. (a) anavallable and Ex dividend. at Exs	والمنطقة والع	y Fy clober
:	Jacan Synth Rhr	ومتيز	<b>36</b>	Nippen Hode	7990 1110	136	Tasabe Selyalor	2.750 2.100	1-10	Xiz Ora Sold	930	1	na fiz ali.	÷ ų war ž	ختجوره عي ر
•	Julo Paper	1879	H9 .	المستث ويتهاوا وويثولوا	للققيدة	-10	. 1 <del>0.000, 30,000</del> ,	مستهريه و	- 40						
							-								

		<u>.</u>							<u> </u>					_ <del>_</del>	
NEW YO	)RK	· .	DO	w .16	NES		٠		ı ———	Aug.	Ass.	July	Jely	. 19	AR
164-22 1 2			ייי			1986	Since co	mpikation	<b>,</b>	2	1	29	28	- 47	iov
	7	29	-	27	Hilipa Hilipa	les	High	Law	AUSTRALIA	<del></del>	┝╼┯		<del> </del> -	<del></del>	<del></del>
Alestrials	2) 30.51			2053,70	2158.61	1879 14	272.0	41.22 (2/7/32)	All Ordigaries (1/1/80) All Mining (1/1/80)	1623.8 833.7	1624.6 836.5	1611.7 822.0	1600.1 818.4	1642.5 (1877) 847,4 (2277)	1170.7 (10/2) 532.4 (10/2)
Home Boads	88.50	88.33	82.25	88.29	6/7 91.25 0.05	120(1) 86.12 8411 737.57		<del>     </del>	AUSTRIA Credit Akties (30/12/84)	196,90	196.30	193.50	190.00	196.90 (2)85	163,98 (11/2)
Transport	182A3	886,20 182,85	963.05 178.88	855,73 176,68	908.45 (5/7) 190.02	(2173	1101.16 114/8/87) 227.83	97732) 10.50	BELGIUM	4920.03	4922.5	4920.6	4903.6	5043.1 (9/3)	3608.35(4/1)
	}		1 _		(29/3)	167.25 (20/9	(22/1/87)	10.50 18/4/32)	Brussels SE (1/1/84) DENMARK	976/30	9122.0	4720.0	4703.0	2001 (4/3)	ZORZENIU .
40ay's High 2146.10		15 Low 21	TT-84 G	084.20		•			Copenhagen SE (3/1/63)	227331	227.69	227.05	225.26	227,69 (2/8)	180.58 (4/1)
STANDARD AND PO Composite :	272.27		266.02	1	225.66 226.0 336.54	342.63	336,77 025/8/8/7 393,17	0.6/32 3.62	FINLAND Voltas General (1975)	766.1	763,3	761,0	760.9	766.1 (2/8)	530.6 (15/1)
<b>iniosirlai</b> s	313.95 25.14	313.96 24.98	907.50 24.32	303.15 23.97		20/D 20/D 27/24 20/D 21/51	3/3.17 (25/6/67) 32-0	22/A/32 8.64	FRANCE CAC General (31/12/82)	359.0	357.9	354.5	352.4	368.5 (8/7)	251.3 (29/1)
Fleancists				]		akn.	(25)8/87)	0,730,740	led. Tesdance(31/12/87)	134,4	134,4	133,3	131.8	137.F.C(II)	89.7 (29/1)
NYSE Composite	153.52	306.18	150.40 503.63	148.74 362.85	200 200 200 200 200 200 200 200 200 200	1307 2017 2018	187.99 (25/8/87) 346.01	4.46 (25/4/42) 29.31	GERMANY FAZ Alties (31/12/58)	489.42	490.38	485.98	480.53	495.78 (8/7)	396.40 (29/1)
Aloga Milit, Vajut	306.71	367.33	384.08	353.32	2000	兴	03880	เท็นกิจ	Commerciant (1/12/53) DAX (30/12/87)	14913 1184.21	1491.9 1189.60	1477,9 1381.72	1460.6 1166.00	1507.3 (8/7) 1199.96 (5/7)	1207.9 (29/1) 931.18 (28/1)
KASSAAQ OTC Comp .	386.00	367.33				13203	(25/6/87)	(31/19/72)	- RONG KONG Hans Sone Bank (31/7/640	2701.09	2703.42	2678.92	263.45	2772_53 (12/7)	2223.56 (8/2)
			1 29	Jol 2		ul 15 .	200 test		HALY .	242.07		2010.00			
Dow Industrial Div	. Yield .		.51	3.6		3.51	2.6		Santa Com. Nat. (1972)	539.29	538.89	532.65	528.41	545,07 (38/3)	423.91 (9/2)
S & P industrial di S & P P/E ratio	v. yleid .	3	1 27 .23 1.74	Jel 2 3.1 14.1		# 13 3.13 4.10	23.2		JAPAN Milyel Q6/5/491 Tokyo SE New (A/1/68)	28366.33 2253.10	26326.33 2249,10		27796.09 2195.84	28366.33 (2/B) 2253_10 (2/B)	21217.04 (4/1) 1690.44 (4/1)
TRADENC ACTIVITY	N	illios id 29	† Volum	•	lassot Tracket		EW YORK g 1 Jul 29 962 1,955	1925	NETHERLANDS ANP-CBS General (1970) ANP-CBS Industrial (1970)	290.2 235.4	292.1 236.4	277.8 234.0	273.7 232.1	282.1 (1/8) 236.4 (1/8)	205.7 (A/I) 157.9 (11/I)
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OVER-THE-COUNTER

Nasdaq national market, 2pm prices August 2

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FINANCIAL TIMES WEDNESDAY AUGUST 3 1988 NYSE COMPOSITE PRICES | Table | Tabl 215 THE 120 LAT 1 100 LAT

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### OVER-THE-COUNTER

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Continued on Page 33

### Fragile Dow drifts despite promising economic news

Wall Street

EQUITIES continued their sideways drift, failing to take heart from a more positive performance by the bond market, writes Janet Bush in New York. At 2pm, the Dow Jones Industrial Average stood 3.55 points lower at 2.126.96 in active volume of 106m shares.

Meanwhile, US Treasury bonds built on Monday's gains to be quoted up to 1/2 point higher in long-dated maturi-ties. The Treasury's benchmark long bond stood 🗜 point higher at midsession to yield 9.11 per cent.

Stocks had started the session modestly higher, cheered by news of a downward revision in leading indicators in May and April.

June's leading indicators rose by 1.4 per cent, which was in line with expectations. However. May's indicators were revised to a fall of 0.8 per cent from the 0.1 per cent decline originally reported and April's increase was revised to 0.3 per cent from 0.5 per cent.

The figures were seen as evidence that inflationary pressures might be less than previously thought.
A sign of the fragility of the

stock market after last week's 68-point rally came as equities dipped back on stronger economic news later in the morning, while bonds built on their gains in spite of the subse-New factory orders rose 5.5

speculation again kept interest

alive in holiday season trading,

with most European bourses

showing only slight move-ments on the day. Finnish

shares proved the exception

with another new high, writes

PARIS moved slightly

higher, again in relatively low

volumes, keeping an eye on

Wall Street in the absence of

domestic market-moving news.

opening prices, was up 1.1 at 359.0, and the closing OMF 50

There were gains again for

privatisation stocks as inves-

tors awaited news on govern-ment moves to weaken hard

core shareholdings. CCF, the privatised bank, climbed FFr5.50 to FFr132.50 while

Societé Générale found FFr16

to FFr378. Glassmaker St Gobain was FFr1 higher at FFr520. But Agence Havas saw

profit-taking after a strong climb, and fell FFr19 to FFr702. News that Fiat of Italy had

acquired a 14 per cent stake in Precision Mécanique Labinal

pushed the aircraft and car

components maker up FFr23 to

FFr943, with 44,275 shares traded. Labinal chairman Mr Amaury Halna du Fretay said

the move was inopportune -Fiat said it had no intention of

Materials group Lafarge rose

FF718 to FF71,341 on positive press reports and retailer Car-refour, which has underper-

formed for a long period,

climbed FFr73, or 3 per cent, to

it-taking, and then recovered to end slightly higher, with blue chips especially favoured.

The insurance sector, which

has been featuring in local bro-

kers' reports, was again in

demand, with Generali up L400

Fiat was also strong during

the day, easing back to close L67 lower at L9,760, then rising

MILAN began well, hit prof-

increasing the stake.

FF: 2.530

at L90.900.

NATIONAL AND REGIONAL MARKETS

Figures in parentheses show number of stocks per grouping

Australia (89). Austria (16) ... Belgium (63) ... Canada (129) . Denmark (39) ... Finland (26) ...

Fraлсе (129)

France (129)
West Germany (100)
Hong Kong (46)
Ireland (18)
Italy (102)
Japan (456)
Majaysia (36)

Netherland (38) ... New Zealand (21)

Norway (25) ..... Singapore (26) .... South Africa (60)

USA (581) ...

Europe (1014) ..... Pacific Basin (674) Euro-Pacific (1688) North America (710)

North America (710)..... Europe Ex. UK (689)..... World Ex. Japan (218)... World Ex. UK (2146).... World Ex. So. Af. (2411). World Ex. Japan (2015)...

The World Index (2471)...

index rose just 0.08 to 357.02.

The CAC index, based on

Our Markets Staff.

with a revised decline of 0.7 per cent in May. Single family home sales rose by 8.4 per cent in June following a revised 0.6 per cent fall the previous

The pattern of the last few weeks has been that the equity market has risen a number of times to about 2,130 on the Dow and faltered. The index peaked at 2,158.61 on July 5 and then declined steadily. By July 15, it had clawed its way back to 2,129.45 and then set off on another decline. Last week's hefty rises took the index back up to 2,130.51, where it closed on Monday.

Stocks do not show any sign of being able to break out of this trading range, in spite of the release of some encouraging corporate results and the fact that the market has already built in fears about higher inflation and interest rates into its perceptions.

By contrast, the bond mar-ket has looked reasonably resilient and the yield on the long bond dropped from well above 9.25 per cent to 9.1 per cent at midsession yesterday.

Among featured equities was Pillsbury, which has been at the centre of takeover speculation. It jumped \$1% to \$38% on reports that New York property developer, Mr Donald Trump, had bought a stake in the company and filed for clearance to build his interest

THE SUMMER doldrums

took their toll on trading and

share prices drifted lower,

hours reaction to its stake in

France's Labinal

London

North Carolina National Bank continued its climb as the market showed confidence in the management's ability to absorb the main operations of First Republicbank. It added another \$1% to \$26%. Texaco added \$1/4 to \$47%

after the company said it was seeking a buyer for its 78 per cent stake in Texaco Canada. Heck's, the discount department store, dropped \$1 to \$%. The company said it would cancel all common stock under reorganisation plan filed in the Federal Bankruptcy Court. In over-the-counter trading,

Seagate Technology dropped

\$1 % to \$10% after the company said it might not be profitable

in its first quarter, ending Sep-Sun Microsystems rose \$1% on the OTC market to \$38% on news that its net earnings rose to 66 cents a share in the quarter ending June 30, compared

### with 39 cents a year earlier.

DECLINES on Wall Street pulled Toronto stocks lower by midday following the market's closure on Monday. The composite index fell 14.2 to 3,362.5 on moderate volume

of 10.4m shares. Texaco Canada jumped C\$2¼ to C\$37 after Texaco Inc said it was looking for buyers for its 78 per cent stake in the Canadian company. Polysar topped the active list, down C\$1/4 at C\$201/4.

## he Dublin Stock Exchange, which began trading at the end of the

18th century, is one of the oldest in Europe. It is also one of the most volatile Since the beginning of this year, Dublin has shrugged off the dramatic falls of last Octo-

ber with a rise of about 50 per cent in the Davy's index, mak-ing it the best performer in In the wake of the October

crash, Irish shares fell by 44 per cent, compared with falls of 33 per cent in the UK and 25 per cent in the US, according to the FT-A World Indices. But its gains since then are well d of both London and New York figures.
The Irish Stock Exchange

has been officially operating as part of "the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited" since last year. The London and Dublin exchanges, however, were amalgamated back in 1973.

#### SOUTH AFRICA

GOLD stocks in Johannesburg closed narrowly mixed yesterday after the financial rand strengthened in late trading following its sharply weaker opening. The low bullion price added to the market's uncer-

Vaal Reefs was unchanged at R290 after earlier reaching R298, Harties dropped 40 cents to R19.60 after hitting R20.50 and Freegold gained 50 cents

Diamond share De Beers added 20 cents to R38.60 and

Philips gained 10 cents to Fl

31.70, but Akzo fell back 80

cents at Fl 144.50 after its Fl

1.50 gain on Monday on antici-pation of much higher second

quarter profits, due tomorrow.

ZURICH returned from the

Speculation in insurance

sanne insurance company La Suisse, calmed down after bid-

der Swiss Life Insurance and

Pension Company said it would not boost its SFr12,000 a

share offer, following the

from Mr Tito Tettamanti's

Saurer-Gruppe Holding. La

Suisse closed unchanged at

Retails and restaurant group

Merkur was suspended after dropping SFr550 to SFr4,800. It

rose about 8 per cent last week

on takeover rumours, with

Jacobs Suchard mentioned as a possible bidder. Suchard bear-

MADRID ended mixed in

DOLLAR INDEX

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150.71 98.18 139.89 128.91 139.53 99.62 80.79 111.86 144.25 153.47 153.47 110.66 84.05 132.23 133.81 139.97 164.47 125.50 86.75 141.18

110.82 172.26 147.53 113.29 92.99 128.25 146.49 131.77 132.39 112.43

thin and featureless trading. The general index was boosted by gains in the banking sector and ended 0.65 higher at 296.42.

ers added SFr50 to SFr7,750.

ased SFr14,000 a share bid

### Elderly bourse displays a youthful vitality

MARKET PROFILE whelming influence on the aly (1,02)
apan (45th)
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texico (1,4)
etherland (38)
ew Zealand (21)
orway (25)
ingapore (25) moitszilsti

Dublin

London is consulted before a

company is given a quote on the main market, the USM (unlisted securities market) or

performance

Bonds are traded on the main market, with 53 Irish gov-ernment funds and 22 Irish land bonds listed Many of the old ways survive on the Dublin Exchange.

the third and smaller companies markets. The Irish Stock Exchange committee, however, has the final say on all mat-The market is correctly canitalised at about 1£5.9bn (\$8.5bn) and covers about 80 shares. The six leading Irish compaishes at about 5.30 pm.

nies, including Jefferson Smurfit, Waterford Glass and Allied Irish Bank, exert an over-

market, accounting for more than 50 per cent of trading — and the top 10 companies represent about 80 per cent of cap-

The recent takeover activity and speculation involving two of these leading companies – Irish Distillers and Waterford Glass – have been important factors in improved market

A call system still operates with members meeting twice a day - at 9.30 am and 2.15 pm on the exchange floor. Trading at both sessions usually lasts about an hour, followed by after-bours trading, which

Trading remains mostly paper-based, in spite of the existence of the Stock Exchange Automated Quota-

STOCK MARKET FACT CHART DUBLIN Market capitalisation: IES.9bn (\$1 = 69 Irish pence, E1 = IE1.19)

Market capitalisation: 123.50 (4)

Number of shares listed: about 80

Top 10 stocks, percentage of market: 80%

Trading hours: official — sessions tasting about an hour at 9.30 em and 2.15 pm; after hours — until about 5.30 pm Average daily turnover, second quarter 1988: I£160m. Main indices: Davy's (53 stocks), Irlah Times (about 50),

Main moreas bary of the high independent Current level of index (Davy's): 821.89; 1988 high: 863.12 (20/7); 1988 low: 549.90 (4/1) Settlement and of two-weekly account

Address: The Stack Embangs, 26 Angleson Street, Dublin 2. Tel: 770065. tion System (Seaq), as men

bers prefer the traditional method. Settlement occurs at the end of each two-weekly account and delivery is physi-cal Gilt transactions are settled the following day.

The banks are the biggest players on the market, but the statutory exchange authority is made up of stockbrokers. Foreign investors face no restrictions on share ownership, but Irish investors have been restricted in the size of

their oversess investments since exchange control laws were imposed in 1979. The identity of a buyer must be revealed if a holding equals or exceeds 1 per cent. However, Via lalks

₫3₹

it is at the discretion of the Stock Exchange Committee whether such information is made public.
All shares carry voting rights and all dividends are paid net to shareholders.

Kieran Cooke

### Nikkei hits high in nervous trading

LATE buying lifted share orices to an all-time high in Tokyo yesterday, although the market lacked vigour because of persistent concern over precariously high prices, writes Shigeo Nishiwaki of Jiji Press. The Nikkei average ended 40.02 up at 28,366.33, to reach a record high for the first time in about six weeks. Its high for

the day was 28,381.03 against a low of 28,244.61. Volume totalled 773m shares

Sankyo Seiki, topped the active list with 69.28m shares traded. It finished Y13 higher at Y777. Tokyu Land was the second busiest issue with 58.75m shares changing hands. It ended Y100 higher at Y1.130, on a sharp increase in con-struction of condominiums at resort sites, prompted by the Government's resort development policy.

Tokyu Land's strong performance inspired other property and housing issues, with Mitsui Real Estate rising Y30 to Y2,330, Mitsubishi Estate Y20 to Y2,520 and Daiwa House Y110 to Y2,110.

Retailers saw speculative buying, and Isetan added Y230 Bond prices eased in the absence of fresh news. The

yen's firmness at Y132 against the dollar dissuaded dealers from active participation. Late heavy selling of the September contract on the bond futures market proved another disap-

The yield on the benchmark 5.0 per cent government bond, maturing in December 1997, opened at 4.935 per cent and then rose gradually to end at 4.955 per cent, up from 4.915 per cent at Monday's close. The Osaka OSE average ended 31.30 higher at 27,615.21, on an estimated volume of 67.11m shares, down 29.2m shares from the previous day. Toa Wool Spinning and Weaving surged Y70 to Y2,320 on prospects of record annual profits this year.

Roundup

THE LEADING markets in

168.96 to 6,384.81, helped by demand for banks and plastic HONG KONG was taken

Land, and the Hang Seng index lost 2.33 to 2,701.09. Trading was suspended in

Tokyo

compared with Monday's 928m, and advances outpaced declines by 448 to 418, with 179 issues unchanged.

In London, Japanese shares edged lower with the ISE/Nik-kei 50 index down 1.75 at 1,898.33 from the Tokyo close. In Tokyo, demand centred on lagging issues with specific

Musical boxes manufacturer Sankyo Selki, dealing in which is the subject of a government insider trading investigation, soared Y200 to Y1,690, scoring a maximum allowable singleday gain for the third consecutive trading day. Nippon Steel, which is tak-

ing an 18.1 per cent stake in

the Asia Pacific region closed slightly weaker, but the upward surge continued in

TAIWAN produced two more records, registering the largest single-day jump in the weighted index and a new high in share prices, after Monday's record turnover The weighted index rose

marginally lower by rumours of a rights issue by Henderson

Henderson Land and its affiliate, Wing Tai, provoking the rumours. Later, Baring Securi-ties said it was handling a HK\$960m rights issue for Hen-Wharf lost 5 cents to HK\$8.30

before announcing after the market closed that annual profits were up more than 10 per cent and that it had revalned its net assets. AUSTRALIA edged down

after late selling concluded a lacklustre day. The All Ordi-naries index ended 0.8 lower at 1,623.8. Volume was a light 91m shares worth A\$135m. Weaker commodity prices

left most resource stocks lower, with MIM active on 2.33m shares, easing 2 cents to

However, Bell Resources rose 4 cents to A\$1.78 on good buying support. It later emerged that investment company Adelaide Steamship beld an 11.44 per cent stake. There had been speculation that Adsteam was buying, possibly to block a planned reverse takeover of Bell Resources by Bond. Adsteam rose 10 cents to A\$6.90.

SINGAPORE eased following poor performances in New York and Tokyo, amid selective buying and bouts of profit-taking. The Straits Times industrial index shed 1.80 to

optimism reinforced mainly from abroad. The Unitas allshare index rose to 2.8 to a record 766.1. Nokia free shares rose FM3 to FM183. According to one analyst, there are differences of opinion between Finnish

ing them to hold up well and the latter fearing they may be dented by recent acquisitions. FRANKFURT moved lower in dreary turnover following Wall Street's indecisive close on Monday and a slightly weaker dollar. A quarter point rise in the securities repur-chase rate to 4.25 per cent made little difference to shares and the FAZ ended 0.96 lower

DM2.08bn. Siemens edged up 10 pfg to DM428.90 after announcing a 2 per cent increase in nine-month profits, described by one specialist as "respectable,

but not as good as some people were expecting".
Nixdorf climbed DM18.80 to DM455 on buying by a West German and a Swiss institu-

MONDAY AUGUST 1 1988

Sterling Index

128.23 74.83 97.84 107.99 109.79 111.08 80.28 65.04 95.12 118.18 65.07 92.44 69.29 105.33 115.78 99.83 127.95 103.37 66.87 115.31 95.94

91.70 143.86 123.00 96.58 77.05 110.52 122.26 111.76 112.13 95.48

112.06

Base values: Det 31, 1986 = 100; Finland: Det 31, 1987 = 115.037 (US S Index), 90.791 (Pound Sterling) and 94.94 (Local), Copyright, The Financial Times, Goldman, Sacks & Co., Wood Mackenzle & Co. Ltd.1987 Markets closed on 1 August: Canada, Ireland and Switzerland.
Latest prices were unavailable for this edition.

Day's Change

86.48 113.08

124.81 126.80 128.38 92.78 75.18 109.93

136.58 73.48 169.47 152.54 156.11 106.84 80.08 121.74 133.81

77.29 133.27 110.88

105.98 166.27 142.15 111.62

129.51

+0.6 +1.3 +1.1 +0.1 +0.6 +1.0 +1.0 +0.7 +0.7 +0.3

demand. ICI, up 3p at 1,047p, was encouraged by reports of New York ADR buying. with the FT-SE 100 index falling 6.7 to 1,855.5. International stocks saw to L9,795 in a positive after-

Finland stands alone at new peak

Chemical Montedison ended L9 lower at L1.909 but picked up to L1,925 after hours, while Olivetti added a further L150 to L10,440. The Comit index edged up 0.40 to 539.29. HELSINKI continued its bullish trend with a 0.4 per cent rise to its second consecutive all-time high. Trading was moderate and the continued

Middle East. and UK observers on its 1988 profits, with the former expect-

quiet day, ending little changed after early losses were reversed by the dollar's recov-ery from overnight weakness interim results.

helped sentiment, and the CBS at 489.42 while the real-time DAX closed 5.39 lower at 1,184.21. Volume was all-share index finished unchanged at 98.5 after Monday's strong performance.

The publishing sector was firm, with VNU rising Fl 1.20 to Fl 93 and Elsevier picking

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co.

Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

3.64 4.507 4.507 3.364 1.442 3.555 0.500 2.37 4.47 5.650 2.37 4.769 4.666 3.251 2.29 4.355

3.69 0.70 1.60 3.52 3.11 3.81 1.67 2.07

2.26 3.60

122.33 84.11 110.99

110,77 109.13 122.88 119.14 92.09 73.34 110.16

134.11 75.95 142.21 155.03 390.53 103.38 63.88 112.32 126.07 91.00 138.41 113.72 74.82 115.31 110.88

98.09 140.04 123.35 110.79 87.39 112.96 118.89 118.73 106.45

118.55

up 20 cents to Fl 60.80. There have been sporadic rumours that Reed International might take a stake in Elsevier. Food stock Wessanen added 20 cents to F1 78.70 after its

Dollar Index

146.82 85.89 113.59 124.50 128.21 130.53 92.60 74.59 108.95 137.61 151.12 151.12 153.83 105.48 79.51 120.96 131.12 120.06 146.81 118.26 77.29 132.38

105.32 164.19 140.65 111.48 88.53 126.50 139.90 128.24 128.65 110.03

2.28 128.59

long weekend to a quiet session, with recent excitement in the insurance sector dying tion which are thought to be down but shares ending marexpecting good half year figginally higher. ures from the computer company next week. companies, fuelled last week Construction stocks beneby competing bids for Lau-

poor turnover again, with some facing limited profit-tak-

ing and others seeing selective

fited from reports of good pros-pects for the sector. Hochtief added DM12 to DM482, with interest focusing on a chart break-out for the stock which has been static around DM450 for a few months but has risen to the DM480 level in the past week, according to one analyst. He said the prospect of an end to the Gulf War was also positive for a company which has traditionally been strong in the

Bonds rose 20 to 30 pfg, with the yield on the 6½ per cent 1998 federal bond at 6.76 per cent after 6.80 per cent.
AMSTERDAM had a fairly

and continued optimism about "After the hiccup of Philips

Banco Bilbao-Vizcaya, last week, people are remembering that 1988 hasn't been at all bad," said one analyst. A better start on Wall Street also merged earlier this year, rose 10 percentage points to 1,090 per cent of nominal value before announcing a 35 per cent rise in first half pre-tax consolidated profits after the market's close

FRIDAY JULY 29 1988

127.26 74.44 98.38 107.91 111.12 113.14

80.26 64.65 94.44 118.75 62.95 145.02 130.99 133.33 91.43 68.92 104.85 104.65 104.06 127.25 102.50 66.99 114.74 96.00

91.28 142.31 121.90 96.63 76.73 109.64 121.25 111.15 111.50 95.37

BRUSSELS closed narrowly mixed in thin trading.
Chemicals put in the best performance, while Arbed, the Luxembourg-based steelmaker, rebounded after its fall on Mondon vision Division of the control of Monday, rising BFr115 to BFr2,555. The company has gained more than 6 per cent in about a week on purchases by small investors attracted by acquisition of two US health food distributors. the steel industry upturn.

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### Change of Address

The Royal Bank of Scotland plc announce the transfer of their Registrar's Department (Unit Trust Section) to the undernoted address with effect from 8 August 1988.

> The Royal Bank of Scotland plc Registrar's Department PO Box 53 **Canning House 19 Canning Street EDINBURGH EH3 8TB** Telephone No 031-556 8555 Telex No 727057 RBSCOT Fax No 031-228 4989



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### MINISTRY FINANCE OF PORTUGAL

PERIOD FOR SUBMISSION OF INTERNATIONAL TENDERS FOR PRE-QUALIFICATION FOR **ECONOMIC AND FINANCIAL** ASSESSMENT AND TECHICAL **ASSISTANCE IN THE PRIVATISATION PROCESS** 

We hereby announce that, until 6 p.m. of the 16th August, 1988, a period for submission of tenders is open for the prequalifaction of entities for the economic and financial assessment of public sector enterprises and technical assistance in view of the privatisation process, recently started by the Portugues Government.

interested entitles in pre-qualification should present their application in accordance with the regulations attached to the Minister's Dispatch published in the supplement of the official journal "Diaio da Republica", Il seri, of the 15th of July, 1988.

These regulations may also be consulted at the "Junta de Crédito Público" in Lisbon (Praça da Liberdade no 92. 4000 PORTO) during normal

Lisbon, 15th of July, 1988

### Company Notices

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